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THE MEMORY OF  
ALBERT MANNING  
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## ORIGIN AND DEVELOPMENT OF THE DAIRYMEN'S LEAGUE

By

R. D. Cooper

A complete history of the Dairymen's League, Inc. and the Dairymen's League Cooperative Association, Inc. would require a vast amount of research and volumes to record, even to confine a summary to a few pages, a brief statement of the conditions leading up to its inception should be recited.

(1) With the advent of shipment of milk to New York City by rail, Orange County was the principal source of supply and dairying developed very rapidly and became a leading and intensive dairy section.

The establishment by Robert E. Westcott of a large number of shipping plants along lines of railroad into New York City played a major part in shaping the future of dairying in this State.

(2) The manufacture of butter in New York State between 1899 and 1909 declined 40%, the manufacture of cheese, during the same period, declined 19%. During the same ten years the amount of fluid milk sold in the State, to be consumed as milk, increased. Making allowance for milk manufactured into butter and cheese, that sold for fluid consumption, considerably more than doubled from 1899 to 1909. It would be natural to think that this increase would have proved beneficial to the dairymen of Orange County and other nearby dairy sections, but not so, for the dealers kept reaching out farther and farther for their supply where it could be purchased for less money.

(3) The Dairymen's League, Inc. started in the Orange County Pamona Grange by the appointment of a committee to confer with New York Milk Exchange, at that time the principal and dominant organization in New York City, which established the prices farmers received for their milk. These prices were determined at dealers' meetings in New York after the farmers had signed the dealers contracts. It had been brought to the attention of the Grange that the dealers might recognize

the farmers in negotiations as to what would be a fair and satisfactory price. The committee conferred with the Exchange committee which, in turn, reported to the organization and replied later that the Grange, as an organization, was not an organization of dairymen and had no authority to sell the milk or say what price would be satisfactory to the members. Acting upon that suggestion, the formation of an organization exclusively of dairymen was started, a permanent organization was not formed until 1907. A temporary organization was formed and began securing membership among farmers who were dairymen and in 1907 had secured members representing fifty thousand cows.

(4) The Dairymen's League, Inc. was incorporated under the Business Corporations Law of New Jersey, November 11, 1907, with an authorized capital stock of \$100,000.00, - 40,000 shares at a par value of \$2.50 each, with the principal office of the corporation located at 93 Spring Street, Newton, New Jersey. The incorporators were: Warren D. Haggerty, Levy H. Morris, Arthur E. Rutherford, Charles H. Tuthill and Milton A. Iain, each being a subscriber and representing one hundred shares respectively. To comply with the law, each subscribed and agreed to take \$250. worth at par. The incorporators then sold the stock to individual members and had it transferred later, retaining only his shares represented by the number of cows each incorporator had. Each dairyman subscribing received one tenth share of stock for each cow at 25¢ each. The first meeting of the corporation was held at Newton, New Jersey, on the 23rd day of July, 1910.

The subscription to, and sale of, stock was designed simply to cover the cost of the missionary work necessary to explain the purposes of the organization to the farmers in different sections. Included in this missionary work was securing members - stockholders - who were shipping milk to New York City markets from

New York, New Jersey, Pennsylvania, Vermont, Massachusetts and Connecticut. The proceeds of the sale of stock were used to defray the expenses of organizing the local branches of the League. Local Branches were established at practically every milk receiving station in the New York Milk Shed. The League had no other source of income except the sale of stock up to October, 1916. There was no dividend guarantee on the stock nor were the subscribers led to believe there would be any. The object of subscription was simply to furnish funds with which to organize, pay the expenses of continuing the organization with the idea of getting a better price for milk, promote beneficial legislation or defeat hostile legislation, and anything to promote the welfare of dairy interests in the territory of its operation.

(5) Almost immediately after the formation of the permanent organization and its incorporation, organizing activities started and soon spread over Orange County and adjoining territory. In 1910 a few paid solicitors, farmers who could be secured, were sent out into sections from which applications had been received, to organize branches, these organizers received sixteen dollars a week and their expenses. The Treasurer received a salary of \$100. a year; the Secretary \$600. and the other officers and directors nothing. The Secretary's was raised to \$900. so that, up to October, 1916, \$1000. covered the salary item. During the first few years neither the treasurer nor the secretary received any salary. There were twenty-four directors who were paid necessary expenses but no per diem.

Organization work progressed slowly until 1914, when practically all activities ceased because dairymen took so little interest in it that the cost of securing members was greater than fees received. The men were called off the road as funds were nearly exhausted. There was no active organization work

in 1915 and matters were dormant for many months.

(6) During the years from 1910 to 1916 there were forces operating in the State to the detriment of dairymen and the dairy industry. The further decline in the manufacture of butter and cheese and the rapid increase in demand for fluid milk by condensers and fluid milk distributors and apparent manipulation of prices reached a climax in 1915 and 1916. The demand for milk during the years of 1915 and 1916 and for milk products exceeded the supply. Makers of condensed milk and other products, having contracts to fulfill, were seeking every corner of the state and adjoining territory to increase their supply. The market milk men had contracts with the dairymen, collecting stations and facilities to transport their milk. Purchasers of milk were securing it for less than cost of production but the only one suffering through loss of profit was the dairyman. Study of the situation revealed at once that the law of supply and demand had ceased to operate. For years the price of milk was based on the retail delivered price of 9¢ per quart in New York City and as cost of distribution increased, the increase was taken out of the farmer. The following prices offered at a shipping plant at Lowville for the summer of 1916 will suffice: April, \$1.30 per cwt.; May, \$1.05; June \$.99; July \$1.25; August, \$1.41; September, \$1.50; for milk testing 3.3% plus three cents per point for butterfat up to 5%; for dairies scoring under 68, there was deducted 10¢ per 100 pounds from the above scale.

(7) In the spring of 1916 the New York Legislature created a Joint Legislative Committee on Dairy Products, Live-Stock and Poultry, with an appropriation of \$25,000, to conduct an investigation. The committee organized and commenced hearings in June and was commonly called the Wicks Committee, Senator Charles W. Wicks being chairman.

(8) In June of 1916 a quarterly meeting of directors of the League was held in Albany, at which several of the active directors appeared with their minds set on action, one had the signatures of two hundred prominent dairymen demanding that something be done. At this time there were about 13,000 members, representing about 190,000 cows, who had become members over the period of over eight years. How many by this time were actually producing milk was not known.

The by-laws provided that should the funds of the treasurer be insufficient to meet obligations, it may levy an assessment upon the members, not to exceed 25¢ per cow for the number of cows in their dairies in any one year, but it was not so provided on stock. The first step was to make provision for funds and accordingly an assessment of 25¢ per cow was levied on all old members. The directors passed a resolution that the Executive Committee put into effect a plan, whereby dairymen would receive an increase in price for milk October first and was given full and exclusive authority to sell the milk of the members.

(9) The Wicks Committee commenced holding hearings June 27 and held about fifteen hearings a month for the next two months and a total of about seventy-five ending December 21st. The vast amount of information and facts brought to light during the summer and the resultant publicity created a wave of interest. The directors, immediately after the June meeting, began to stir up the local secretaries to collect assessments which came in slowly until August 28th, when another directors' meeting was held in Albany, at which the treasurer reported he had eight hundred dollars on hand. This meeting served to kindle enthusiasm and started matters moving in earnest. The campaign opened in Utica, September 6th, with a rousing meeting, attended by approximately a thousand dairymen from all parts of Central New York. From that time on progress was more rapid, by September 15th locals all over the state and adjoining states were taking on new

life. Requests for speakers and organizers to attend meetings began pouring in from all sections, there were nowhere near enough to fill the requests for speakers. The Dairymen's League was spreading like wildfire.

(10) On September 9, 1916, the following letter was sent to the members: "The Directors of the Dairymen's League, an organization of which you are a member, believe that now is the time for the League to take definite, united action to secure a fair price for the milk of its members and have, therefore, authorized the Executive Committee to sell the milk of all members of the League.

The Executive Committee has arranged to sell your milk through the agency of the New York State Department of Foods and Markets and has agreed upon a minimum, uniform price, approved by the Board of Directors, for a period of six months, from October 1, 1916, to March 31, 1917.

As you have consigned to the Dairymen's League, your authorized and exclusive agent, for sale, all the milk produced upon the farms controlled by you, you are hereby cautioned not to make any other contracts for the control of your milk after October 1, 1916.

The following is a schedule of minimum prices which the League asks for its milk. Grade B. milk testing 3 per cent butter-fat:

	First District	Second District
October .....	\$ 2.15	\$ 2.05
November .....	2.25	2.15
December .....	2.25	2.15
January .....	2.15	2.05
February .....	2.10	2.00
March .....	2.05	1.95

Three cents per hundred pounds of milk added for each one-tenth point increase in butter-fat. The prices asked for the other grades take the same relative price.

In the event that the Executive Committee, through the Department of



Foods and Markets, is unable to dispose of your milk at this price, you will be advised of the situation and kept posted as to the progress being made. No milk is to be delivered until due notice is received from the Executive Committee.

SIGN NO CONTRACTS

At the meeting of the Directors on June 1, 1916, a resolution was passed levying an assessment of twenty-five cents per cow upon the stockholders, for the number of cows subscribed. The assessment is made necessary to provide the League with funds to carry out its work.

From now until the first of October, your directors urge upon you the necessity of holding meetings and doing everything you can to increase the membership and strengthen the organization in your neighborhood, by so doing, you will strengthen the position of your officers and help them to better serve you.

Make all remittances to Albert Manning, Otisville, New York.

Very truly yours,  
R. D. Cooper  
Chairman Executive Committee"

Membership contract

THIS AGREEMENT, made this ..... day of ..... 1916, by and between the Dairymen's League, Incorporated, party of the first part, and ..... party of the second part.

WITNESSETH: That is consideration of the sum of ONE DOLLAR (\$1.00) paid by the party of the first part to party of the second part, the receipt whereof is hereby acknowledged, and of the covenants and agreements herein contained, the said parties have agreed and do hereby agree as follows:

1. That the party of the second part hereby agrees to consign for a term of years, and hereby does consign to party of the first part for sale, all the milk produced upon the farms controlled by party of the second part, except

such milk as is required for home, farm or local consumption, for and during the term beginning October 1st, 1916, to March 31st, 1917, and thereafter, for six month periods, unless 30 days' notice is given in writing by either party before the expiration of any contract period, and the party of the second part further agrees to deliver the said milk pure and unadulterated in condition for sale suitable in the New York or adjacent markets, to the shipping station, condensery or such other manufacturing plants as is designated by party of the first part, or if party of the first part should be unable to dispose of the said milk during any portion of said period, said party of the second part shall be so notified and in such an emergency it shall be optional with party of the second part whether they manufacture their milk at home or at a place provided and operated by the local branch.

2. The party of the first part agrees to sell and dispose of the said milk to the best advantage and to remit the proceeds thereof to the party of the second part less the commission hereinafter mentioned.

3. It is further stated that the party of the first part shall receive a commission from the proceeds of the sale of one cent for each one hundred pounds of milk sold during the time of this contract and the said one cent for each one hundred pounds shall be deducted from the proceeds of sale.

4. IT IS MUTUALLY COVENANTED and AGREED that in case either party fails to perform the covenants herein agreed to be performed by such party, the party so failing shall and will pay to the other the sum of Five Dollars (\$5.00) per cow for ..... cows for which party of the second part has taken stock, which sum is hereby fixed and agreed upon as the liquidated damage for such failure, and that the same shall in no event be considered a penalty.

IN WITNESS WHEREOF the parties to these presents have hereunto set

their hands and seals, the day and year first above written.

THE DAIRYMEN'S LEAGUE, INCORPORATED

Signed, sealed and delivered  
in the presence of

\_\_\_\_\_  
(Signature of President) (L.S.)

\_\_\_\_\_  
(Witness of President)

\_\_\_\_\_  
(Witness for stockholder)

\_\_\_\_\_  
(Signature of stockholder) (L.S.)  
Address \_\_\_\_\_  
Name of Branch \_\_\_\_\_

Present purchaser of milk

Address \_\_\_\_\_

The usual date for signing dealers' contracts for the six winter months was the 15th of September. A great many dairymen refused to sign the contracts the dealers presented to them, advising that the matter was entirely in the hands of the League and that dealers wishing to buy milk should deal directly with the Executive Committee of the Dairymen's League, which had already taken up its office in the Department of Foods and Markets at 204 Franklin Street, New York City.

Few dealers took advantage of the opportunity to buy milk previous to October 1st and, as a result, on Sunday morning, October 1st, 1916, milk trains began to draw light loads. After fourteen days of battle the Dairymen's League emerged victorious.

The following League contract was agreed to by the dealers;

This agreement made this 1st day of October, 1916, between the Dairymen's League, a corporation organized under the law of the State of New Jersey,

as agent, party of the first part, and John Doe, located at ..... New York,  
party of the second part,

WITNESSETH

The parties hereto, in consideration of the premises herein and the sum  
of one dollar each to the other in hand paid, the receipt whereof is hereby  
acknowledged, do hereby mutually promise and agree as follows:

1. The party of the first part agrees to sell and deliver at .....  
and the party of the second part agrees to take and pay for, as hereinafter provided,  
each day during the period covered by this contract, all of the milk produced by the  
members of the party of the first part from whom party of the second part is, now,  
or has been receiving milk, if not previously sold, and such additional quantity of  
milk required by the second party, shall, if possible, be obtained from party of  
the first part. It is understood that all milk sold under this agreement shall  
be of good quality and must pass the inspection and approval of the authorities  
of the State of New York and municipality of New York City.

2. The party of the second part agrees to pay to the party of the  
first part for all milk received by it at its milk station from the party of the  
first part the following schedule of minimum prices for Grade B milk testing  
3% butter-fat:

	First District	Second District
October .....	\$ 2.15	\$2.05
November .....	2.25	2.15
December .....	2.25	2.15
January .....	2.15	2.05
February .....	2.10	2.00
March .....	2.05	1.95

Three cents per hundred pounds of milk added for each one-tenth percent increase  
in the butter-fat.

3. The party of the second part hereby agrees to pay on or before the  
10th day of each month for all milk received by it from the 16th day up to and

including the last day of the previous month and also agrees to pay on or before the 25th day of the month for all milk received by it between the 1st and the 16th days inclusive of the current month. The party of the second part further agrees out of the purchase price aforesaid to pay the sum of one cent per hundred pounds to the treasurer of the Dairymen's League at his office in Sussex, N.J., or his successor, where the said successor may have his office, and the balance of the purchase price to the producers of the said milk.

4. It is further understood that in case the party of the second part has not filed with the Commissioner of Agriculture or other proper authority the bond required by law for a milk gathering station, then it is agreed that the party of the second part is to furnish the party of the first part with a surety company bond satisfactory in form to the party of the first part in the sum of not less than ..... dollars conditioned upon the prompt payment of all the moneys due or to become due under this agreement and for the whole performance of this agreement according to its terms.

5. It is further understood and agreed that this contract is to begin and take effect on the 1st day of October, 1916, and to continue until and including March 31st, 1917. Prices as to January, February, and March, 1917 are to be subject to review and modification by a committee which is to be appointed as follows:

Two by the dealers, two by the producers and the four above-mentioned to appoint a fifth member. Said committee of five are to consider the cost of production, distribution and market conditions and arrive at a price fair and equitable to both interests. This committee is to be appointed and organized within thirty (30) days of this date, October 14, 1916.

IN WITNESS WHEREOF, The Dairymen's League has hereunto signed its

official signature by R. D. Cooper of its Executive Committee, and the party of the second part has hereunto set his hand and seal.

John Doe

In the presence of F. H. Thomson

Approved by State Department of Foods and Markets

John J. Dillon, Commissioner

(11) The effect of this victory was far reaching, in that it established collective bargaining by farmers; from it came many changes in Federal and State laws, gave impetus and started the cooperative movement on a scale never believed possible and was responsible for our present cooperative laws and demonstrated that farmers could stick together and fight for a common cause and could speak for themselves. This victory initiated a new economic and social life for farmers, and elevated him in his own estimation and those with whom he came in contact and won him respect and recognition never before accorded him.

When the smoke of battle lifted, the Dairymen's League found that it had contracted for about \$30,000,000 worth of milk to be delivered during the six months from October to April and that it would return to the farmers about \$8,000,000 more than they had received for the corresponding period of the preceding year. It had no preparation, no experience, no office and no precedents to follow.

Mr. Cooper, acting president and executive committee chairman, had a small office in Little Falls, Mr. Manning, secretary, had his office at his home on a farm near Otisville and Mr. Hardin, treasurer, had his office at his home on a farm near Sussex, N. J.

(12) Immediately there descended upon the League an ever increasing avalanche of letters from all parts of the milk shed, all written laboriously and at length by hands mostly unaccustomed to handling a pen or pencil, all seeking information, instructions and questions involving policies and decisions, each and

every one important. It became impossible to answer them except a very few but running through all these letters were a number of questions of uniform likeness and similarity. After considering several makeshifts to get information back to the members, the board of directors authorized the executive committee to print and publish a paper for League members, the same to be known as The Dairymen's League News. The first issue was the February number, 1917. The publication of the League's own official organ was the greatest factor in building up and solidifying the membership into a strong, aggressive and militant organization.

(13) It was decided to establish a business office in New York City bringing all officers together, where all business could be transacted from one center and install and inaugurate a business system. The offices were located in the World's Tower Building, 110 West 40th Street and were ready for business about February 20th, 1917.

(14) The board of directors authorized the executive committee to conduct an advertising campaign in New York City, in order to acquaint the people there with the dairymen's side of the milk problem and also, if possible, to show New Yorkers how cost of living may be reduced by using more milk in the diet. The campaign started at once and continued to April 1st, 1917.

(15) So rapidly had the League grown that, within a short time, branch offices were established at Albany, Utica, Rochester, Buffalo, and Scranton, with managers who also contracted with the local dealers. All contracts were the same; as soon as the price was set for New York City, automatically the price was set at all the principal markets in the milk shed; this was accomplished by a fixed differential in form of a rider attached to the uniform contract.

(16) During the year of 1917, the League was confronted by many difficult and perplexing problems and the entrance of the United States into the World War in April greatly complicated matters. The League became a member of

the National Milk Producers Federation and was represented on committees at Washington affecting the dairy industry. The executive committee conferred with the Grange, with reference to affiliating in cooperative purchasing, which eventually resulted in the setting up of the G. L. F. The Order of the Interstate Commerce Commission, establishing a new schedule of freight rates on milk, made it necessary to revise schedules of prices. It was a radical change but worked out with a fair degree of satisfaction.

The officers breathed a sigh of relief when the Legislature adjourned after four months session. As an aftermath of the milk strike, followed by United States entrance into the war, many new bills, too numerous to mention, were introduced. Some legislation, which would have been injurious to the farmer, was killed and nearly all legislation, which would have been beneficial to him, was also killed. The League was successful in defeating Governor Whitman in his attempt to force through the Food Dictatorship bill and two attempts to have confirmed his appointment of George W. Perkins, formerly of the International Harvester Corporation, as head of New York State Food Commission. The Food Emergency Bill was signed, which created the New York State Food Supply Commission to promote production. President Cooper of the League was a member to whose division was assigned feed, seeds and fertilizer. The very acute shortage of cattle and dairy feed revealed that dairymen were paying high prices for inferior and adulterated dairy feed; so serious was the situation that Mr. Cooper and Professor Savage of the College of Agriculture went to Washington to see what could be done about it. On July 5th and 6th the Commission met in Syracuse to which a committee on dairying reported ascertained facts and, in view of which, recommended; "that the Commission shall see to it that a farmer or a group of farmers may buy feed for cash direct from wholesalers. It may do this through cooperation with some already established agricultural organization such as the Dairymen's League



Grange, or any other farm organization," whereupon, assured of the commission's backing, the League arranged for the manufacture of a dairy feed according to formula 20 of the New York State College of Agriculture under the name of Dairymen's League Dairy Feed. Several hundred branches appointed their own agents. Enough feed was sold to lower the price and raise the quality of other dairy feeds and some manufacturers attached their formula and ingredients. Feed manufacturers met in New York ready to mob the executive committee and raid the League offices. They were somewhat appeased when told they could manufacture League feed if they met the League's conditions and Prof. Savage's specifications. The Feed Dealers Association finally agreed to handle League feed on the League's conditions but many of its members did not act in good faith. This move had served its purpose and, as the Grange Exchange was active along the feed line and was cooperating with the League and Farm Bureau in distribution of seed corn, the League did not push its feed, later withdrawing entirely and devoting its energies in support of the G. L. F.

(17) The rapid growth of the League found itself in the position that the capital stock authorized had been issued and stock had been over-subscribed. Necessary steps were taken and the capital stock was increased from \$100,000 to \$500,000. Boards of Health arranged to enable members to produce milk of satisfactory grade without the expenditure of money on unnecessary requirements, placing more emphasis on methods. The League sought to encourage members to own and operate their own milk shipping stations.

(18) Upon request of the Federal Food Administration, the League contracted its milk for October and November only. Tremendous pressure was brought to lower the November prices and force an increase for December, finally, the League entered into an agreement with the Federal Food Administration such as had been done by producers' organizations in New England, Chicago, and San

Francisco. Government price fixing was imposed. The purchase of all Borden country milk plants was considered. The secretary's report to the annual meeting showed that on December 1st there were 868 locals, 48,016 members representing 561,091 cows.

The following resolution was not adopted, a vote to lay it on the table prevailing:

"In the event the Dairymen's League sells the milk of some of its members at a satisfactory price and is unable to sell the milk of other members at such price, it may direct that such unsold milk be used at home by the producers, or it may arrange to have such milk manufactured elsewhere. In either case, the price realized for all milk, including home consumption or manufacture, shall be averaged and adjusted so that each member shall share in the burden of the unsold surplus, and all receive the same price per quart in proportion to grade and fat content for the volume produced and offered for sale." The intent and meaning was significant. The League under its charter had no authority to equalize. It had been explained that probably a reorganization of the League would be necessary to bring it under the proper jurisdiction of the Clayton Amendment of the Federal Anti-Trust Law; also, that another attempt would be made to secure proper legislation at the coming session of the State Legislature.

(19) On October 1st, 1917, the officers found themselves confronted with new, unexpected and extraordinary difficulties. New contracts to comply with the new freight rate schedules were put into effect. Dealers closed a large number of plants, most of them being small, but did not cause the inconvenience to members to the extent that might be expected, as many members were able to place their milk in nearby plants. Brown and Bailey was the only large company that refused to contract with and recognize the League, although this company was a member of the New York State Milk Dealers Conference Board. Many

dealers, where plants were closed, contracted locally for the milk on a manufacturing basis and then shipped it on to the New York market. Where large plants were closed, some of the local branches organized their own companies. In the midst of these difficulties the officers were unable to attend to their regular duties but had to spend nearly all of the time, night and day, attending conferences and hearings before investigating committees, etc. It appeared that a concerted movement was under way to wreck the League.

(20) The Federal Milk Commission came into existence late in November, 1917. It was appointed by Mr. Hoover, Food Administrator, in view of the situation that had arisen between the Dairymen's League and the New York State Milk Dealers Conference Board. The greatly increased cost of production and distribution rendered necessary so rapid and so large an increased price to consumers that it created resentment on the part of consumers and the belief that somebody was profiteering at the expense of the public. The creation of this commission was based upon an agreement between the Dairymen's League and the Conference Board, that, if such a commission were appointed to ascertain the cost of producing and distributing milk with reasonable profits to producers and distributors for January, February, and March, they would abide by the decision. It was agreed that producers should be reimbursed for any loss which might have been sustained through their consent to take a lower price in December than was received in November. Further distributors were to have made up to them any loss due to the higher prices paid producers in November. Either party could withdraw upon thirty days notice. Mr. Hoover stated to the representatives of the League that producers should have cost of production plus a fair profit, which was reaffirmed in a letter to Dr. L. H. Bailey as late as March 27, 1918 and that the Food Administration had not the remotest idea of price fixing, except for certain purchases for the Allies and the Army and the Navy.

For the months of April to September, prices to dairy farmers in the New York Milk Shed were lower than adjoining districts, below average nationwide prices and far below the cost of production. These prices were not voluntary. No department of government interfered to protect the farmer. The Food Administration sat by content if only prices to consumers were low. This was a wide departure from assurances of costs plus a profit. Market conditions in the autumn materially changed and justified cost of production to farmers plus a profit, when they attempted to adjust their prices with such market conditions that the Food Administration immediately interfered and required farmers to sell for prices lower than determined by supply and demand. The effect of the Food Administration upon the entire industry during the year had been that the law of supply and demand was permitted to operate when it resulted in a low price to farmers, but it was not permitted to operate when it resulted in a high price to them. The government had for the period of the war, placed all essential industries on the basis of cost of production plus a profit. When the Food Administration was confronted with the undisputable facts as to the cost of production of milk it repudiated and abrogated its agreement with the farmers.

(21) The commission did not set the price for October. Farmers acted, sold their milk and contracts were made accordingly, based on cost of production which was accepted by several hundred dealers. Over the League's sole protest, the representative of the Food Administration insisted upon the abrogation of all these contracts and arbitrarily named a lower price. Such reduction meant that in October over half a million dollars were taken from the dairy farmers of the League territory and given to the dealers or consumers or divided between the two. The policy was to fix prices to the consumer and base prices to farmers thereon. The recoup promised in the agreement failed to materialize except a very small part of it.

When the League was unwilling to accept November prices below cost of production, a telegram was received direct from Mr. Hoover, which was given to the

press several hours before it was sent to Mr. Cooper, it was a scathing denunciation of the League and called the dairymen profiteers. The relationship between the League and the Food Administration was unsatisfactory in that it was possible for some of the purchasers to withdraw from the agreement, leaving the League with only part of its milk sold to only part of the buyers.

In the spring, increased production reduced consumption, on account of propaganda to conserve dairy products, and inability to transport products caused a serious and critical situation. In this crisis, the League secured an option on all Borden Farm Products plants, which prevented a strike, and plants kept open with League prices paid. A mammoth dairy exposition was held in Grand Central Palace for the purpose of increasing consumption of milk.

(22) Early in the year, the Grand Jury of New York County indicted the officers and some of the directors of the League for conspiring to raise the price of milk. Owing to the fact that New York City papers constantly published articles against dairymen and the League, the public mind became so poisoned that it was considered impossible to secure a fair trial in that county. A motion for change of venue was made by John B. Stanchfield, attorney for League officers. A change of venue was granted and the case sent to Utica for trial, whereupon District Attorney Swann of New York County lost interest and agreed to the dismissal of the indictments.

The libelous, vindictive and abusive attacks against the League and its officers by John J. Dillon, which appeared in the Rural New Yorker over a period of several months, were taken up by the League and publicly challenged and effectively refuted.

The year closed with a growth of confidence among the members, which made it possible for the organization to endure and survive disappointments, injustices and humiliations. The secretary's report for the year ending

December 1st, 1918, showed 954 locals with 61,000 members representing 683,000 cows.

(23) Notwithstanding that the stockholders at the annual meeting in December 1917 refused to endorse the Non-Partisan League, a new political party, of which Mr. Townley of Minnesota was president, Mr. Dillon was instrumental in bringing Mr. Townley to a conference a few days later, to which were invited the officers of the League in a second attempt to commit the League to this new political party. The Dairymen's League and the State Grange refused to commit themselves to his propaganda and the movement fell flat. Another method was then sought by Mr. Dillon to create a new political party and attention was directed to the so-called Federation of Agriculture by securing endorsement of the local branches of the League and subordinate Granges of a plausible but thinly veiled federation of agricultural associations into township units. It was an insidious and deliberate attempt to undermine and disintegrate the two leading agricultural organizations of the State, for his own political advancement.

(24) On the twentieth of December, League representatives and the Conference Board met with the Federal Food Board and were informed, in view of the fact that the armistice had been signed, that the Food Administration could no longer take part in fixing the price of milk. Following the conference, the League tried to make arrangements with the dealers to sell the milk for January, but the dealers were secretly preparing for trouble and no satisfactory arrangement could be reached. According to the Warren formula, the League figured the January price to be \$4.01 and advised the dealers that the League would be willing to accept this price. The dealers on the Saturday before New Years sent word they would pay only \$3.60, and that this was their ultimatum. Late December 31st, it was reported to the League that the dealers were posting a price of \$3.60 at their

country stations. The League immediately telegraphed its members that the milk was not sold. Farmers refused to deliver milk at every station and the strike was on. Most of the milk that reached the city came from dealers who had contracted with the League October 1st for six months; the independent dealers. In order to defeat the League, the dealers pooled their cans and scoured fifteen states to secure milk from Maine to Wisconsin. Price was no object; neither was quality. Unfortunately some of the co-operatives shipped milk to the dealers' pool. The strike would have soon been over if the Board of Health had enforced its regulations. As the strike progressed, the dealers secured more outside milk, such as it was, some reconstituted from the West; they perhaps could have secured their normal supply from outside eventually if their money held out. The final determining factor was a severe storm that delayed trains and froze the milk in the cans of the far away shipments. After three weeks of the longest and most expensive milk strike, the dealers were compelled to come to League terms.

Consumers had been led to believe farmers were profiteering. The District Attorney had started John Doe proceedings in the milk situation, began with farmers and did not give them a chance to tell their story. The dealers, fearing they would be next, and knowing they could not stand investigation, went to Mayor Hylan and the District Attorney and promised to reduce the price of milk one cent a quart as a New Year's present, all at the expense of the farmer. Early in the strike, city authorities appealed to Governor Smith to send a special message to the Legislature to repeal laws favoring cooperation among farmers, which he was ready to do, but information as to true facts finally reached him. He appointed a commission to settle the strike. On the commission were R. D. Cooper and J. D. Miller, representatives of the League, C. A. Weiant of Borden and I. A. Van Bommel of Sheffield Farms, representatives of the dealers and Dr. Copeland and R. E. Dowling to represent consumers. Dr. Copeland soon resigned. Several meetings were held under the chairmanship of Mr. Dowling who at all times showed a disposition to be fair. Both sides stood firm until the dealers began to weaken and finally gave in.

In this fight, the League stood alone; arrayed against it were the dealers well prepared and with ample funds, power of the whole city, government, city newspapers, public opinion in the city and a large amount of milk in the country. The fight was to preserve and maintain the organization. It demonstrated that the farmers have a right and intend to set the price on their own product and can stick together and stand united for a common cause. It showed more conclusively than ever that farmers should own their own plants and take care of the surplus and that all milk must be sold through one channel and under a uniform contract.

On January 1st the League Office was moved to 303 Fifth Avenue. Starting with the February issue the Dairymen's League News was issued semi-monthly.

(25) The most important result, following close upon the settlement of the strike, was that dairymen were practically unanimous in their demand that decided action be taken immediately to prevent further troubles and a repetition of recent ones. Hundreds of letters and applications came into the League Office asking for speakers to help organize cooperative plants and for a plan, whereby dairymen could own or control the country end of their business. Many branches were induced with difficulty to wait so whatever they did locally could be fitted into the general plan. After unavoidable delays, a tentative plan was outlined which would put all members on the same basis, take care of all surplus, stabilize prices and increase consumption of all dairy products. The plan included the organizations of - first, the Dairymen's League Co-Operative Association, embracing the whole League organization, - second, regional cooperative associations and - third, local cooperative associations, all to conform to and based on the new cooperative law passed by the State Legislature in 1918, which was finally enacted after strenuous work for two years by the League, with the help of the Grange, Farm Bureau and other farm organizations. There was no cooperative law under which it was safe for dairymen to organize from a financial standpoint, besides danger of getting into trouble under the anti-trust law. After the 1916 milk strike it was apparent to the League officers that sooner or later the League would have to reincorporate as a cooperative association, so they set about to get the necessary law on the Statute Books. It was this law and the amendment to the Connelly Anti-Trust Law that New York City authorities



appealed to Governor Smith to have repealed.

On March 21st, there was a meeting of directors, county presidents and field organizers of the League at Utica, at which the full detailed plan was laid before the Board of Directors for their approval. In the absence of president Cooper, on account of illness, vice president, J. D. Miller presided. At this meeting politics within the organization made its appearance, upsetting the plans as prepared, and later all but wrecked the plan of reorganization and the League with it. Finally the plan was patched up and presented and fully explained to the delegate meeting on the following day, the largest meeting in the history of the League. The delegates from more than a thousand locals expressed their unanimous sentiments in favor. Following the explanation, suggestions were made for putting the plan before the members at local branch meetings to be held in communities following the Utica meeting for a referendum.

In the several conferences with the dealers in March, a different spirit prevailed and there seemed to be a sincere desire to find a workable plan. Such a plan was agreed upon, which the League believed worthy of a trial. The base zone was established at 201-210 miles, with no freight deductions beyond the 400 mile limit. The plan provided a formula for determining prices for at least eight months. At the end of six months either party might withdraw from the agreement by serving a sixty days' notice.

(26) A second Milk Show was held in April, featuring production of milk and the cost, demonstrations of modern processes of manufacturing butter and cheese, feeding of dairy cows and the value of milk as a food. During the same week the Commissioner of Health assumed the organization and management of "Milk and Baby Week." The exposition was attended by seventy thousand consumers. Newspapers carried long stories of the features at the show, movies carried pictures of the

exhibits and eight foot milk bottles were displayed on the streets. On the bottles were statements regarding the value of milk and urging people to attend the show. The dairy show and the newspaper publicity did a great deal to correct many false statements which had gone out during the past year regarding the cost of milk.

(27) Some years before the war, the Anglo-Swiss Company of Switzerland owned and operated some condensing plants in this country. An agreement was entered into with the Borden Condensed Milk Co., by which the Borden Company purchased these plants and the Anglo-Swiss Company withdrew from business here and confined its operations to export and foreign business. The Borden Company, in turn, restricted its foreign operations to certain territory and domestic business. The Anglo-Swiss Company became the Nestle Co., makers of Nestle's Baby Food. As the company developed on the Continent, English capital became interested and control passed into the hands of the British and shortly became a monopoly controlling practically all foreign condensed milk business.

This gigantic foreign corporation saw its supply of milk in Europe suddenly disappear, on account of the war, and came to this country for replacements and additional supplies to meet the enormous demand for the European armies. A separate company, known as the Nestle's Food Company, with unlimited resources was started here. Almost overnight it absorbed American companies and condensing operations controlled by it dotted League territory; also, the middle west and pacific coast. In 1918, when other manufacturers of condensed milk were obliged to put their product into warehouses on account of lack of bottoms to carry it abroad, the Nestle Food Company continued to export its products because of its powerful connections and influence. This company controlled the export of canned milk and thereby the condensing plants, as well as the price of milk manufactured into the product. The arrival of this octopus to make itself a home here might well be a cause for alarm among the League members.

No sooner had the League approved of the plan and entered upon its program of reorganization into a cooperative, than the Nestle Food Company, through its publication "The Milk Can", poured forth libelous, vicious and scandalous attacks on the League, its officers, and propaganda against all farmer cooperatives, making common cause with New York City Administration, the Rural New Yorker and later to be joined by Sheffield Farms.

(28) The Prohibition Act, which went into effect on July 1, 1919 was a decided benefit to farmers by causing a large increase in consumption of milk. An increase in the price of milk to the consumer, about this time, was a signal for the Hearst papers, in cooperation with Dr. Copeland and Mayor Hylan, to open a broadside, known only to yellow journalism, to prejudice the people by accusing the milk trust, to which it linked the League, of causing the death or illness of 227,000 babies in New York; that babies die from lack of milk, that milk barons fatten as babies die and similar accusations, that Governor Smith protects the milk trust. All New York City rotten politics.

The secretary's report of August 1, 1919, showed that the League had 1047 branches with 75,995 members representing 817,920 cows, a growth in three years from 13,000 to 76,000 members.

(29) So outrageous had become the prosecution, persecutions and inquisitions of representatives of farmer cooperatives, that the National Board of Farm Organizations at its meeting August 15, issued an appeal to the farmers of the country to protest by petition, ballot or other lawful or orderly means, against the unfair and un-American methods being used against farm organizations engaged in making collective sales of their farm products. The immediate cause for this appeal was the arrest on August 9 of seven prominent farmers in Ohio, who were acting as representatives of the Ohio Farmers Cooperative Milk Company in the sale of the farmers milk to the dealers

of Cleveland. These men were arrested in their farm homes in the middle of the night and finally reached the jail in Cleveland at 4 o'clock in the morning. They were taken into the warden's office; they were searched and their personal belongings in their pockets were taken. One of them, Mr. Ingersoll, called the warden's attention to this: "Mr. Warden, that bunch of keys that you are taking are the keys of the bank." Mr. Ingersoll was the vice president of the local bank. He said, "Those are important keys necessary to the bank." But they were all taken, nevertheless. To save these men the ignominy of placing them in cells, they were put into the hospital ward infested with vermin; their breakfast they could not eat nor touch. A photographer was introduced into the jail to take the pictures of these criminals. They protested against the indignity but it was insisted upon. As soon as they could get word to their friends early in the morning, they were prepared to give bail. It was not convenient, however, for the district attorney to arrange for bail to be taken until about noon. They were then taken to the court house where they waited about an hour. There a photographer came into the court room and took a picture of the judge sitting on the bench with those seven men lined up in the prisoner's dock. In New York, when the officers and some directors of the League were indicted, there were no acts of intimidation or oppression in the arrest of those men; they were treated courteously. Bail was arranged with a surety company, the cost of the premium of which was two or three hundred dollars, which was a mere trifle; it cost them \$15,000 to fight their way out of trouble. These are only examples of what was taking place in Chicago, San Francisco and other principal cities of the United States.

(30) Dairymen's League News, September 25, 1919. Editorial - "Just as we go to press we have received a telegram from President Ingersoll of the Ohio Milk Producers Association, saying: 'Officers of the Ohio Milk Producers Association acquitted. Ohio's saved for Democracy! ... officers of the California

Milk Producers Association were acquitted of the same charges .... The officers of the Chicago Milk Producers' Association are now on trial. They too will be acquitted, if justice prevails; but each of these trials cost the farmers' organizations thousands of dollars and heaps humiliation not only upon the officers actually involved, but upon hundreds of thousands of farmers whose cause the officers are fighting. As we write this editorial, subpoenas have come to the League office for every member of the Dairymen's League Executive Committee and every ex-member who has served on the committee in the past .. No matter what the outcome of the present persecution of the League officers is, there is nothing that can ever repay them for the humiliation and disgrace of being constantly held up before hundreds of thousands of people as starvers of babies and criminals of the worst kind, through subpoenas, indictments, and constant persecution that they face because they are simply the agents of 76,000 men who are working together to save the dairy industry ... 'To R. D. Cooper, Esq., Care Dairymen's League, 303 Fifth Avenue, New York City; You are hereby requested to appear before the United States Attorney for the Southern District of New York, at the United States Court House and Post Office Building, at the corner of Broadway and Park Row, in the Borough of Manhattan, City of New York, on the 26th day of September, 1919, at the hour of 10:30 a.m., as a witness in regard to an alleged violation of Act of July 2, 1890. Dated, September 19, 1919. Francis G. Caffey, United States Attorney for the Southern District of New York' .....

(31) George Gordon Battle, the commissioner appointed to investigate the Department of Farms and Markets, rendered a report to the Governor, in which he condemned the department and its work, because the department had been in sympathy with the dairymen and the Dairymen's League. For a number of weeks this particular investigation had been going on in New York and Albany, with the Hearst papers doing most of the trying of the case before the public.

The investigation was only a part of the movement from one end of the country to the other to discredit and injure the farmers, especially dairymen and their organizations. As in California and other places, including New York, attempts were made, or actions started, to annul charters or remove from the statute books the laws which gave farmers the right to cooperate without being thrown into jail.

(32) After weeks of abuse, Governor Smith challenged Hearst to meet him in public debate and, as might be expected, Hearst did not have the courage to accept. Citizens of the city hired a hall and asked the Governor to speak, which he did on October 29, the hall being packed to the rafters. Hearst and his papers were branded as New York City's and the country's worst pestilence. He characterized Hearst as a "sower of seeds of discontent, disorder and anarchy; exploiter of the poor; distorter of the truth; deliberate liar." Speaking of the milk situation, the Governor said he had not power to command any man, but undertook to settle the strike and that the committee he appointed from the dealers and the Dairymen's League had been "grossly and gravely misrepresented in Hearst newspapers", and that the whole milk situation "has been distorted and turned around until it is a mass of lies not understandable to anybody, only the man that concocts them, for he has the hidden motive and the hidden purpose in the back of his head". The Governor, referring to the charge of starving babies in New York, said that the records showed that the infant mortality rate in New York City was less than any other community in the country. The Governor said he was concerned with the report in the Hearst papers that the New York Central, being involved with the Dairymen's League, was preventing non-League members from shipping milk at certain stations and he made an investigation in Dutchess County where it was said a certain non-League producer had been kept from shipping his milk, and it was found that the station where it was claimed such practices had occurred had not shipped a pound of milk in thirteen years.

Resolutions were adopted and a "Citizens Fair Play Committee" of one thousand formed.

(33) Effective Nov. 5th, 1919, Grade B milk, per quart, was  $17\frac{1}{2}\phi$ . The Community Councils started a boycott on milk for at least three days a week, except for children not over four years of age. This action was followed by similar ones by clubs and labor organizations. A League representative persuaded Dr. Copeland to advise against the boycott. With eggs selling from  $75\phi$  to \$1.00 per dozen, coffee at  $47\phi$  and up per pound and butter at  $68\phi$  and up per pound, the National Housewives League started a boycott on these products. The dairymen's price of milk was \$3.33 for 3%. The Cortland County dairyman was paying about \$48. for bran, \$90. for cornmeal, \$72. for gluten, \$70. for cottonseed and \$58. for ground oats. The dealers had to postpone price negotiations with the League on account of a milk drivers strike. The long-shoremen of New York, on strike for several weeks, greatly curtailed the export of all food products, particularly butter and condensed milk and excluded the importation of sugar necessary to make condensed milk, for both of which there was a good demand, the foreign markets taking the average supply. On Nov. 1st, 400,000 members of the United Mine Workers of America went on strike, demanding an increase of 60% in pay and work reduced to 30 hours a week. Dairymen would be the first to feel the effect of a coal strike for without it plants could not be operated nor milk be shipped. Such was the chaotic condition that confronted the League the first year after the War.

(34) The secretary reported at the annual meeting that there were 1070 branches with 79,224 members representing 846,650 cows as of December 1, 1919. At the annual meeting the delegate body unanimously passed a resolution; "That the Board of Directors of the Cooperative Organization and the Dairymen's League be one and the same." By this resolution, the organizing

of the Dairymen's League Cooperative Ass'n. Inc., its policies and control, were returned to the Dairymen's League and placed in the hands of its Board of Directors.

(35) About 1902, milk stations on the Black River division of the New York Central were just being built by R. E. Westcott and were leased to milk dealers of New York City. Prices paid by these dealers were based on the old Milk Exchange and the dealers paid anywhere from 26¢ to 40¢ less than the Exchange prices.

At this time, the Five States Milk Producers' Association was active and a very live route union was established on this line of railroad. Mr. F. H. Thomson, of Holland Patent, N. Y., later Vice President of the League, was one of the directors.

Early in 1902 delegates of the various unions met and decided to demand a price for six months and, if the dealers refused to pay the price, dairymen at all stations were to discontinue delivery of milk on a given date. The dealers, of course, refused to pay the price. At Holland Patent not a drop of milk was delivered and the station remained closed the rest of the season. At other stations, so few farmers withheld their milk that the hold-out was a complete failure. Following this, the dairymen, supplying milk to the station at Holland Patent, organized a cooperative company known as the Holland Patent Milk and Cream Co. and purchased the milk station from R. E. Westcott. This was the first or at least one of the first cooperative companies in the milk shipping field. Mr. Thomson was the guiding spirit and sold the milk from this plant in New York for twelve or fourteen years before the 1916 milk strike.

(36) On March 31, 1914, there was held in Herkimer, N. Y. a meeting of representatives of cooperative milk companies, including one or two already shipping milk to New York City and those with plants planned or under con-



struction. Those represented were Fort Plain, Little Falls, Middleville, Newport, Holland Patent, Trenton, Prospect, Remsen, Gravesville, Indian Castle, Poland, Cedarville and Inghams Mills. This was the first attempt to federate farmer-owned companies. At this time there were four plants being operated, all leased to dealers in New York. This meeting lasted all day and the matter of a federation was discussed from all angles. The serious question was - how to sell the milk and whether or not it would be possible for such a small number to unite and be successful in an effort to market milk in New York. A resolution was passed that a committee be appointed to formulate plans for organizing co-operative companies in as many branch leagues as possible. On May 22nd of the same year, another meeting was held at Herkimer at which representatives of the above-mentioned plants and some others were present. A survey was made and showed about 2,000 cans daily output of plants already in operation. An amended agreement was approved but nothing further was done because the plants in operation were rented to dealers whose leases expired at different times.

Some two years later, the League secured the services of Prof. Charles Tuck of the College of Agriculture to investigate and make a survey of country plants and the situation generally and report at a later meeting. Prof. Tuck's final report advised that the Activities of the League should cover the organization of cooperative milk companies. These recommendations were not readily accepted by the farmers for several reasons, principally on account of inability to raise the necessary funds and lack of someone to head the movement. In addition to this, in the summer of '16, representatives of the Federal Government made a further survey and attempted to work out a better plan for organizing and uniting farmer owned milk companies. On account of the time consumed by the Department of Agriculture to work out a plan and make it ready for use, no results were obtained in time to be of service before

the renewed activity of the League started in the summer of 1916.

(37) The Little Falls Dairy Company, Inc., which had built its plant and started operations April 1, 1916, was the first of the cooperative companies to actually operate the plant and sell its own products. In accomplishing the sale of its milk, this company experienced opposition from many sources, which was an indication that there was a concerted movement to discourage farmers from operating their own milk stations. However, this company was successful in marketing its milk and its plant, together with some other cooperatively owned plants, was an important factor in placing pasteurized milk in New York City during the strike of 1916, at League prices.

(38) In December of the same year, report came from the Department of Agriculture at Washington that, on account of the Donnelly Act of New York State, the plan of organizing and federating cooperative companies could not be recommended. Again, early in '17 word came from the Department of Agriculture that it had prepared a bill and had presented the same to the states, the legislatures of which were in session, asking state legislators to pass the suggested bill by amending present cooperative acts and thereby make them conform to the Sherman Anti-Trust Law and the Clayton Amendment. This, New York failed to do that year.

(39) One of the difficulties experienced by the League was to satisfactorily market the milk of the farmer owned milk companies. As late as March 15, 1917, the question of marketing the milk from these confronted the League, and, after discouraging attempts to federate these companies, the agreement which had been drawn in 1914 was revised and there was formed the Cooperative Milk Producers' Marketing Association with offices at 110 West 40th Street, New York.

There were ten farmer owned plants making up this selling

association at the beginning. Under the agreement, each company selected its representative to act as a trustee in the marketing association. The officers were - R. D. Cooper, President; J. B. Hooker, Vice President, H. J. Mosher, Secretary and F. H. Thomson, Treasurer. Executive committee was - R. D. Cooper, A. L. Smith and F. H. Thomson. From April 1st to October 1st, the amount of milk received by these stations (one withdrew on account of poor shipping facilities) and handled through the Cooperative Milk Producers' Marketing Ass'n. was about thirty-six million pounds. During this period, the association had purchased 3,500 cans and was successful in every way and had proven a most satisfactory channel for marketing the milk from farmer owned plants. On September 22nd, three more were admitted to membership; on October 6th, three more were admitted. On October 1st, the association found itself not doing business with many of its old customers, they having refused to purchase milk through the marketing association. Here was a new complication and, for a short time, the member companies were compelled to make cheese, but soon found a market and sold wholesale to small dealers' associations of grocery stores and a group of chain stores. This enabled the member plants to pay full League price besides the allowance for operating expenses of their plants.

(40) On October 1st, 1917, Borden Farm Products Company closed about forty of its plants; also, some other dealers closed some plants on account of surplus, notice having been given some weeks previous. Some of the plants closed were farmer owned, rented to dealers. Most of these immediately asked the League to sell their milk, which it was unable to do. More plants had been acquired or built by farmers who sought to find an outlet through the Marketing Association. They were accepted, knowing at the time that the association had a surplus on its hands and would have to

share in that surplus.

(41) On October 20th, a meeting of the directors of the Marketing Ass'n. was held in Utica, at which time they voted to purchase the Modern Dairy Company and its business. This consisted of a lease at 609 E. 49th Street, containing ice boxes, office and storage room for four automobile trucks; lease of 868 Dean Street, Brooklyn, with ice box and stables; lease of property on West 48th Street for stables; in addition, about 5,000 forty quart cans, some twenty quart cream cans, four automobile trucks, twelve horses and seven horse trucks, the lease and equipment of the farmer-owned plant at Clayville and the milk shipping station with equipment at Rices, N. Y.

(42) The Cooperative Marketing Association had made application to the Board of Health for a permit to sell milk in New York City, but was refused permit on the ground that the association was not incorporated. To meet this situation, on October 26th, the Country Milk Company was incorporated and took over the Modern Dairy Company assets and equipment to sell the milk for the Cooperative Milk Producers' Marketing Ass'n. The directors were - R. D. Cooper, F. H. Thomson, H. J. Mosher, A. L. Smith and E. M. Sheldon. Stock of the new company was held by the member companies of the Marketing Ass'n. Attorneys advised a corporation to transact the business of the marketing association instead of a cooperative association, because of the undesirable features of the cooperative law of New York State. N. A. VanSon, who for several years had been successful in marketing milk from farmer-owned plants in New York, was manager.

(43) On October 9th, employees of two prominent milk concerns were caught dropping junket tablets into cans of milk that had been delivered to customers from the marketing association. In September, when the League was negotiating for sale of milk October 1st, pressure was brought to bear on

small dealers, purchasing from the Marketing Association, to discontinue. The fact that the Marketing Association had recently purchased several thousand cans had much to do with negotiating the price, effective October 1st, without a strike. In November, investigation committees were more or less active; the books of the League were still in the hands of the District Attorney. The officers of the Cooperative Milk Producers' Marketing Association were being examined by the Assistant District Attorney. All was not fair sailing for the Marketing Agency.

(44) The Mutual McDermott Dairy Corporation went into the hands of receivers about the first of 1918. The Country Milk Company took over a long time lease on the McDermott pasteurizing and bottling plant at 125th and Manhattan Streets, with option to purchase, and purchased the equipment, several horses and trucks, etc.; and temporarily handled milk of the League members who were shut out of a market on account of the McDermott failure. Three of the country plants of the bankrupt company were purchased by League members who were patrons and joined the Marketing Association. At the same time, the League purchased several thousand cans of the bankrupt company, which were collected and stored in the newly acquired plant of the Country Milk Company, with the understanding that the Country Milk Company could purchase from the League such cans as it required and that cans could be purchased by individual members of the League. The offices of the Marketing Agency and the Country Milk Company were moved to the plant on Manhattan Street. The Country Milk Company sold and delivered milk at wholesale in New York direct for the farmers and the Marketing Agency contracted with dealers for milk at country plants and through the Marketing Agency and held stock in the Country Milk Company. At the annual meeting of the Marketing Agency in May, a resolution was adopted to reincorporate under the new Cooperative Act just passed and, as soon as this

could be done, the new Marketing Agency would perform the functions of both the Marketing Agency and the Country Milk Company.

(45) In the spring of 1918, production was large, consumption reduced and export of milk products was curtailed over eighty per cent by lack of shipping facilities, as well as inability of railroads to transport. In March, the Marketing Association had 25% surplus; in April, surplus was much larger, in May surplus was much larger still. A large majority of the trustees, over the judgment of the officers, voted that milk should be paid for on the basis of the Federal Milk Commission price for these months, including the Milk Commission's 12¢ recoup, which was added to May price, the benefit of which the Marketing Association had on but a small volume in December, all of which proved to be a vital mistake. It could have survived this.

(46) During the winter and early spring, the Little Falls Dairy Company enlarged its plant and installed a condensing pan. It made all its milk into sweetened condensed, turning over its fluid market to the other plants in the Marketing Association, relieving it of considerable surplus. This milk was put out under the Dairymen's League label. It was the first condensed milk ever to be put out by a farmers' cooperative and in Belgium, of twenty-one brands submitted for examination and test, it stood first.

(47) In June, the Marketing Association received its fatal blow. Outside influence had its effect upon the manager, and, unbeknown to the officers of the company and within a few hours after they had left the plant to go home upstate, the manager reduced the price on milk delivered to stores, hotels and restaurants two cents a quart, bringing it down to 7¢, leaving no margin to compensate for the low return of a great surplus made into cheese. The attitude of the Rural New Yorker, the outside influence, was the chief cause

of the difficulties in which the Country Milk Company found itself. In the Rural New Yorker, July 27th issue, Mr. Dillon said: "I want to see the subsidiaries, the Country Milk Company and the Milk Producers' Marketing Association wiped out entirely." In many other issues, Mr. Dillon took every opportunity to create ill feeling among League members and other dairymen against progressive farmers who were trying to advance the interests of the cooperative movement. This was for country readers of the Rural New Yorker. In view of all this, a leading New York paper announced "New company to sell milk at 7 cents." "Cooperative concern launches scheme to slash trust's prices." "Consumers will benefit." "Promises of cheap milk for the public and increased profits for the dairy farmer accompanied the announcement yesterday of the incorporation of the Country Milk Company, composed of upstate farmers who own their own creameries." "The promoters of the project are N. A. VanSon and John J. Dillon, former State Commissioner of Foods and Markets, now of the Rural New Yorker, who were associated in the famous milk fight of 1916." This was an interview in part with Mr. Dillon and carried in the Rural New Yorker, June 15th. It was this reduction in price, treacherously brought about by Manager VanSon, acting upon the advice of Mr. Dillon, that brought the company to disaster. Mayor Hylan wrote Mr. Dillon, thanking him for getting cheap milk into New York. It was the Hylan administration, with which Mr. Dillon was so friendly, that accepted the dealer's New Year's present of a cent a quart reduction in milk at farmers expense and were told to "go to it" by Mayor Hylan and precipitated the 1919 strike.

(49) When milk became short in August and from then on, after the surplus had passed, those plants, which were in dire need of assistance when admitted into the association, were the first to complain and, when the association needed the milk and had a chance to make a much better return

withdrew and sold it to dealers under what appeared to be very favorable terms, which same milk was used by dealers to supply customers of the Association and the Country Milk Company, at cut prices. When the company could not secure enough milk for its customers, it was compelled to cease doing business. As soon as it had closed its doors, disposed of its lease and equipment, plans for another strike were laid, taking place January 1st, a few months sooner than expected. There was no milk strike while the Country Milk Company was doing business, and, without it, there either would have been a strike or League milk would have brought less than it did.

(50) In March, during the John Doe proceedings of the District Attorney into the milk business, Carl H. Mead, of a large city law firm, secured a retainer from one of the cooperative members and made application for appointment of receiver by sworn statement that company and association owed the farmers \$400,000. Application was at once granted and the judge appointed a former law associate, receiver, who at once made demand that all assets be turned over, which included \$10,000 in the treasurer's hands and some of the books. The receiver turned the books in his possession over to the District Attorney. A motion was immediately made to have the receiver discharged, which motion was granted, just as the receiver and Assistant District Attorney Dooling, who represented no one, entered an objection, whereupon the Judge adjourned the matter for ten days to give Dooling opportunity to examine the books which he had secured in an illegal way. The receiver, working hand in hand with the District Attorney's office, prepared papers to serve on the League in a suit to recover \$400,000. Another adjournment was taken and, in the meantime, an appeal had been made to farmers to assist the Assistant Attorney Dooling by filing claims. A Mr. Ferguson, son-in-law of a disgruntled farmer, a clerk in Dooling's office, secured an assignment of a



claim of one of the cooperative members on a basis of 20% of all money collected, under the promise of securing a large amount as a result of a suit against the League. One other cooperative plant, for which Mr. Dillon was special representative and adviser, opposed the motion to dismiss the receiver. An adjournment was taken and briefs submitted. The Judge dismissed the receiver and allowed two attorneys and the receiver \$9,000. The judge rendered a decision in favor of the company and the association that they did not owe the farmers \$400,000, and were not bankrupt. The farmers were out \$9,000, besides their own attorney's fees. For over two months, the receiver made no attempt to collect the companies' accounts outstanding, except an alleged account against the League. By this time the accounts were almost impossible to collect and the farmers' attempt to cooperatively market milk in New York had failed - thanks to Dillon and Dooling.

Directly following suspension of operations of the Country Milk Company and the Cooperative Milk Producers Marketing Ass'n., the League acquired possession of the cans and made its first move to sell the milk from cooperative plants, which were in a position to ship milk to New York, by setting up the Cooperative Plant Department effective as of Dec. 15, 1918. The sales made by this department for eleven and one-half months from its beginning to Dec. 1, 1919 were over one million dollars. It returned to those plants, which availed themselves of its service at all times during this period, Dairymen's League price, plus plant and office expenses, rent, etc. except the manager's salary and, in addition, can charge for new covers and can collections, and substantial reserves for credit of the plants; over and above this, there was returned to the plants a good profit. By Dec. 1, 1919 this department had absorbed the manager's salary and was self-sustaining. From the beginning, this department was an unqualified success, a great

part of which was due to the careful and efficient business management of Mr. Hovey, manager of the department. The department handled regularly from the beginning the milk from four plants but also handled, at various times, milk from many other plants which had been unable to market all of their milk through other channels. The success of this undertaking demonstrated the necessity of having properly equipped, up-to-date manufacturing plants in the country to balance milk shipping plants. The department at that time was handling regularly the output of nine plants, the milk being sold in fluid form as there was demand for it and a marked shortage of sugar.

Collective bargaining and cooperative marketing, as means of marketing milk by farmers, are two schools of thought that had their inception many years before the Dairymen's League came into existence. In this country, the cooperative cheese factory first made its appearance during the Civil War, while dumping of milk took place at Goshen, N. Y. during a milk strike in 1883. However, activities in southeastern New York leading up to the organization of the Dairymen's League were contemporaneous with the first cooperative milk plant activities in central New York; they were two different methods for solving the same problems, the one a temporary expediency, the other a slow and more permanent growth. These two were harmonized eventually in the Cooperative Plant Department of the League which, in turn, became the Dairymen's League Cooperative Association, Inc. History invariably shows that where the collective bargaining method of selling milk has been employed for any length of time it eventually changes to the cooperative marketing method. The Cooperative Plant Dept. was moved from the New York office to the Mann Building in Utica.

(51) In July, 1918, the League found the Central State Milk Products Co. of Auburn purchasing milk from about five hundred Cayuga County

dairymen, to be insolvent, owing them about \$43,000 for July milk, and believed that the only possibility of receiving pay for milk delivered was to take over the properties controlled by the company. This was done immediately through a local committee of dairymen headed by Mr. Fred Sexauer. The Cayuga Dairymen's League Cooperative Association Inc. was organized, purchased the building and, on Oct. 31st, entered into a contract with the Dairymen's League, Inc., as trustee to operate and manage the plant. On Nov. 1st the Cooperative Plant Department assumed management. To Auburn went the honor of being the first to start operations under the new cooperative plan. Soon the Montgomery Dairymen's League Coop. Assoc., Inc., which included the recently acquired Borden plant at Fort Plain, together with the plant of the Canajoharie Milk Co. and the plant at Fonda, began operations under the new plan. Others were in the process of organizing and raising money.

As in the case of Auburn, the new cooperative plan was started because of necessity, as was the case of most of the earlier cooperatives that came under the plan. When the plan was launched in the spring of 1919, the troublesome question was how to get the plan functioning, - all at once or gradually. The decision was made, the League having practically no choice in the matter. Market conditions, notice of plants that would close, uncertainty of markets and many members without markets was rapidly forcing and developing the cooperative plan, so the League had but little choice other than take over the management as soon as they were ready to handle milk. On April 1, 1920, the Dairymen's League Coop. Assoc., Inc. was a going concern, having assumed ownership of the plants then being operated by the Cooperative Plant Dept., which were Auburn, Fort Plain, Canajoharie, Fonda, Holland Patent, Wallkill, Dundee, Penn Yan, Sterling Valley, Vernon and Williamstown; later Burke, Arkville and Hannibal. Some of the locally owned cooperatives, that had availed

themselves of the services of the Cooperative Plant Dept., refused to enter the pool and withdrew. During the first six months there was handled under the new plan 46,043,978 pounds of milk, which were sold in the form of fluid milk, cream, sweetened and plain condensed, powdered milk, butter, cheese and casien, with total sales of \$2,259,951.37, the blended returns of which were under the League price.

The progress made by the Cooperative Association for the most part had been under adverse and unfavorable circumstances. Nearly all the milk that found a market through this channel was that which had very poor or no market at all; in other words, milk refused by buyers. In June, 1920, the Association secured a contract to supply the American Relief Administration with 250,000 cases of its own brand of condensed milk, over a period of six months, on a cost plus basis.

From the spring of 1919 to September, 1920, the organizing of the Coop. Assoc. proceeded slowly and soundly and, before any plants were acquired, a survey was made to see if there was volume to justify an operation; also, the locals were being incorporated. Where plants were needed in case of emergency to take care of milk without a market, campaigns to sign contracts and raise money were pushed.

(52) In 1919, League milk was sold until April 1, 1920 under a plan agreed upon with the buyers, but, when it came time in March to take up the question of price, the dealers declined to continue the plan, claiming unsettled and uncertain conditions, particularly for manufactured products; sugar being very high and difficult to get. Demand was falling off, but domestic and foreign, particularly foreign, due to the very low value of European money. Finally a break was avoided by the League sacrificing on April price. May milk was sold without difficulty at the same price as

April. The dealers delivered an ultimatum on June price and farmers prepared for action; finally, at the last moment, milk was sold until October at a fair price.

(53) Early in the year, investigations by the Post Office Dept., by questionnaires, showed wide-spread spirit of unrest and dissatisfaction among farmers in all parts of the country. The situation was so serious, according to governmental officials, that it might have disastrous effects on the nation's economic structure. This report received wide publicity as front page news. Immediately public sentiment turned in favor of the farmer. The League and other farm organizations for years had been telling the Federal, State and City governments the same thing, but no one paid any attention or believed it until the Post Office Dept., a disinterested party, made known the facts.

(54) In March, 1920, in accordance with the mandate of the annual meeting that the board of directors of the Coop. Assoc. and the Dairymen's League be one and the same, the by-laws were amended and the mandate complied with in every particular, thus foiling the politicians for a time at least. At the same time, the board of directors voted un-animously to unite with the Grange and Farm Bureau in forming a large cooperative exchange to succeed the Grange Exchange engaged in purchasing farmers' supplies. This move was the result of three years of conferences and discussion between the executive committees of the League and Grange. A few months later, the G.L.F. was incorporated and a state-wide campaign was sponsored by the three organizations to raise capital funds. H. E. Babcock was placed in charge and brought the campaign to a successful close and, as manager, built the G.L.F. into the most outstanding and successful cooperative organization of its kind in the country.

(55) During the spring, informal conferences and discussions took place between the League officers and the Borden Farm Products officers concerning the purchase of the Borden Farm Products New York metropolitan business and country plants by the League, and tentative suggestions were made by the Borden representatives for consummating such purchase. In the late spring, the board of directors instructed the officers to enter into negotiations with the Borden Company for such purchase. The first meeting with the Borden representative closed with a stand pat reactionary statement on the part of one League representative that frustrated the directors' action and lost the League its great opportunity. At that time the Borden Farm Products Co. was the largest retail distributor and by far the largest wholesale distributor of milk in New York City metropolitan district.

(56) Early in September, the League took up negotiations with the Dealers' Conference Board for sale of milk for the fall and winter months. After the dealers, at some length, described market conditions, they ended by stating that manufacturers would buy no milk at any price after October 1st. The League understood that the market for manufactured dairy products, especially for condensed and evaporated milk and milk powder, was not good, but the unprecedented action of the dealers came as a bombshell out of a fairly clear sky. Mr. Hooks of the Nestle Food Co. said: "The closing of seven plants is absolutely necessary. Notice has already been given to the Dairymen's League. We carry stocks in all parts of the world, and have a surplus of six million cases on hand. Cost of this material, transportation, duties and very bad exchange means that we have \$75,000,000. tied up in these six million cases ... There is scarcely a point anywhere where we can sell milk at the present time. One factor in the milk situation is that far more milk is being produced in Europe than was thought possible a year or two ago. Canned

milk is brought here from Norway." Mr. Johnston of the Borden Condensed Milk Co. said: "Sweetened condensed milk market is stagnant. Sales have dropped to nothing. There have been three weeks of absolutely no buying and during these three weeks there was very heavy production. Our company has reached the point where we must liquidate and must reduce the manufactured goods on hand to a safe margin before we place any more milk in canned goods." Mr. Whitney of the Phoenix Cheese Co., makers of cheese and butter, stated that there was far less cheese and butter in storage than the year before, but, on account of the imports of foreign butter, the market was in bad shape and no one could gamble on the future. Mr. Soule of the Merril-Soule Powdered Milk Co. stated conditions confronting his company which were very similar to condensers. Borden Farm Products and Sheffield Farms, fluid milk distributors, were confronted with the same conditions as manufacturers, with respect to their surplus; the fluid market was good.

While there had been many statements from individual members of the Conference Board yet, as a whole, they had made no definite statement as to what their action would be on October 1st. In general, the manufacturers would handle milk for the farmers' account, as much milk as they could. They would manufacture it into cheese and butter but refused to manufacture it into condensed milk for the farmers' account. The manufacturers did not state their reasons but it was perfectly plain; for sugar prices had taken a big drop, so that condensed milk could be made for at least \$1.50 per case less than thirty days before. The manufacturers wanted to stop all manufacture of sweetened condensed until they could unload their stocks made with high priced sugar without loss to themselves; they had guessed wrong and were forcing the farmers to stand the loss for them. The board of directors was called to meet at Utica as soon as possible and, after two days deliberation, decided to

recommend that every member sign the cooperative contract at once and pool all proceeds and instructed the executive committee to sell October milk for not less than \$3.85 per hundred with usual differentials. This price was rejected as, also, were all counter proposals of the League to the manufacturers. On September 27th, the directors voted to sell the milk for \$3.65, the same as September. This action was taken in view of the fact that the League could not sell the milk at \$3.85 and that there was divided opinion among the members and, in view of the manufacturing situation and declining prices in all lines of business, the majority did not think it wise to force a milk war at that time. The October price did move all the milk regularly going to fluid market and considerable in addition. This left the League with about 25,000 of its members without their regular market and between a third and a half of its milk unsold. The League continued to sell milk on this basis until the following April, when some of the manufacturers opened their plants and bought through the League again. For months, about twenty thousand League members were deprived of their regular markets and from October 1st tried in any possible way to dispose of their milk in a way that did not conflict with the principles of their organization. Some of it was made up at home, some went to cheese and butter factories, some was separated and cream shipped and some was turned over to chiseling dealers by members, who, facing bankruptcy, were forced to surrender.

As soon as possible after the directors recommended that all members sign the cooperative contract as an answer to the refusal of manufacturers to buy milk at any price October 1st, an intensive campaign was launched over all League territory to put the pooling into effect as soon as possible to rescue the 25,000 members who had been left without a market and preserve the League. Immediately, the Dealers' Conference Board, with the



Nestle Food Co. taking the lead, opened the bitterest possible attack on the Cooperative Association and the League and particularly the officers. The fight was on with no rules, no punches or holds barred, a fight to the finish. It was much worse than a strike. Everything that money could do and the brains of the milk dealers could think of to break up the League was tried. This foreign octopus, the Nestle Food Company, that ruled the world's markets for canned milk, that owned its own boats on the rivers in China, was fighting to rule the dairymen of the United States, for the fight against the League was being duplicated against the dairymen's organization in Chicago, the Dairymen's League of Oregon, in California and everywhere where there was a dairymen's organization.

(57) The attack by the dealers was carefully and skillfully planned. The New York Globe carried, as a feature display, an open letter by Alfred McCann, special writer for the Globe, to the Nestle Food Co., defending the company and bitterly attacking the Dairymen's League, its officers and the whole cooperative policy. On the second day following, the Globe carried a full page advertisement for the Nestle Food Co. and this advertisement was not carried by any other New York City paper, but reprints of both the letter and advertisement by the thousands were sent to League members and, in addition, an anonymous circular, attacking the cooperative plan, and the reprints were sent to thousands of farmers; also, full-page advertisements were carried in all up-state newspapers with rural circulation, as well as farm papers. (See Dairymen's League News Oct.-Nov. 1920 issues.) Both the Nestle Food Co. and the New York Dealers' Conference Board constantly sent printed matter to all the banks in League territory, chambers of commerce and lawyers. Then they wrote farmers advising them to consult with the banker and lawyer before signing the cooperative contract. In addition to

sending out printed propaganda, the Nestle Food Company spent thousands of dollars to entertain chambers of commerce and other business organizations in different parts of the territory at banquets, where they made use of the occasion to misinform business men about the League. The following extract of a letter was a sample of the amount of material sent to bankers, lawyers and local editors by the organized dealers:

"New York Milk Conference Board, Inc.,

"October 11, 1920

"To Banks in the States of New York, New Jersey, Pennsylvania and Connecticut:

The other day you received from this office a circular entitled '.....', together with a copy of an article appearing in the New York Globe of October 6, entitled 'McCann Calls on Nestle's Food Company to Fight'. Enclosed herewith is the reply of the Nestle's Food Company to Mr. McCann's open letter appearing in the Globe of October 8th, entitled 'Mr. McCann, You Have Challenged Us in an Open Letter and We Reply'.

"Within a day or two you will also receive copies of articles by Mr. McCann appearing in the New York Globe of October 9th and 11th.

"We are sending these articles to you because you are interested in the welfare of the dairy farmer, large numbers of whom are doubtless depositors in your bank. The information contained in these articles will, therefore, we assume, be of interest to you.

"We have received requests from some banks for sufficient copies to circularize the farmers in their district. Beg to

advise sufficient copies of both articles appearing in the New York Globe have been sent to each member of the New York Milk Conference Board to enable them to make a very wide distribution to the individual farmers, if they so desire, and inasmuch as the supply is exhausted we are unable to send further copies.

"The country banks are doing a great service to the dairy farmers in cooperating to bring the seriousness of this situation before them.

"Yours truly,

"I. Elkins Nathans, Secretary"

McCann was denounced by Hoard's Dairymen for his activities in Wisconsin in 1915 and his attack on the Wisconsin College of Agriculture and the dairy interests of that State. An article was run in Hoard's Dairyman under the title "Another Ananias". "There is one Alfred W. McCann, who has become noted as a reporter of the New York Globe. He is not noted for anything worthy of emulation, but for being a malicious, vicious misrepresenter. He does not seem to be satisfied unless he is doing muckraking of the lowest type of dealing in half truths and bold falsehood." Dairymen's League News, October 25, 1920; "Alfred W. McCann, so-called, 'food expert,' the writer for the New York Globe, who has been so loud in his defense of the milk dealers of late, was presented yesterday before Judge Rupert E. Foster in United States District Court for alleged contempt in refusing to answer questions while testifying before the Grand Jury."

The fight went on for weeks and months and, with one single and outstanding exception, the Dairymen's League Coop. Assoc., its policies and contract, had splendid support from the beginning from every large real farm paper which circulated in League territory, that exception being the

Rural New Yorker, published by John J. Dillon. When the campaign for contracts started, it was decided by the directors that pooling would start when 50,000 contracts had been signed. All members of the Dairymen's League were eligible to membership in the Cooperative Association and membership was required before contracts with the Association would be accepted.

(58) All prices were exceedingly high; wages extremely so, farmers were unable to secure help at any price; young people were getting high wages in the cities, only old people and children were left to do the work on the farm; food shortage was the greatest ever known in modern times; Europe on the verge of starvation and famine in Asia. Foreign money had depreciated to almost nothing in some countries; the British pound, normally worth \$4.86, fell to less than \$3.20, German money was not worth its value as wastepaper. A can of condensed milk was worth 40¢ in England, 85¢ in France, \$1.30 in Italy.

(59) The League's finances were a matter of concern to the officers; its income of 1¢ per hundred pounds of milk sold was stationary, while all supplies had nearly doubled, office help and rents had increased greatly in cost; ever increasing demands on the organization for services to members added to expenses and, in addition, the League was paying the preliminary organization expenses of the Cooperative Ass'n. to say nothing of the cost of the fight with the dealers, and on October 1st, the League's income was decreased from a third to a half because of the milk it was unable to sell to the manufacturers.

(60) For nearly four years the League had been so harassed by the New York City Administration through its investigations, prosecutions and appearance before commissions, committees and John Doe proceedings, and, having its officers and sometimes the office staff suborned with books and

records to the extent that it could not at times transact routine business and was finally required to keep duplicate books and records, one for the office and the other for the District Attorney's office, some of which were never returned, the Board of Directors, on advice of counsel at its meeting on October 21st decided to locate its offices in Utica to be outside the jurisdiction of New York City.

This change not only decreased expenses but located the main office up-state in the center of its membership and in closer touch with operations and more accessible to the farmers, which move met with universal approval of the membership. Shortly after January 1, 1921, the general offices were moved to 333 W. LaFayette St., Utica, N. Y.

(61) During the year, within the organization, political activities and personal differences and ambitions became increasingly evident, resulting in less harmony. The retirement of F. H. Thomson, the father of cooperative marketing of fluid milk, from the Board of Directors and the Executive Committee, upon his own request, marked the beginning of a gradual recession of statesmanship which had been heretofore predominant, and the ascendancy of politics.

(62) The secretary reported at the annual meeting as of December 1, 1920, that there were 1120 branches with 89,496 members representing 949,651 cows and nearly 26,000 cooperative contracts signed in two months. The trouble and unsettled reconstruction period came to a climax in 1920, which was the most critical year in the history of the dairy industry in this country, and up to the present time, has yet to be equalled. With 1920 started the agricultural depression which lasted for eighteen years up to the present time with no end in sight; relentless harassing of dairy organizations and their officers by public officials was the order of the day; a concerted movement to crush farmer

cooperative enterprises made its appearance in the open; a phenomenal growth against almost overwhelming odds witnessed the birth of two of the most powerful cooperative enterprises in the country, the Cooperative Grange-League-Federation Exchange and the Dairymen's League Cooperative Association. With the annual meeting came a change of administration and with it a change of policy.

(63) For the purpose of getting farmers to cancel their cooperative contracts between the 12th and 28th of February as provided in the contract, the New York Conference Board and some dealers, in a last desperate effort to prevent the Cooperative Association from accomplishing its purpose, for weeks previous deluged the League territory with propaganda. One piece was an article appearing in the Atlantic Monthly entitled "The Menace of the New Privilege" by G. W. Alger, attorney for Sheffield Farms and chief counsel for the Conference Board; another was a brief by G. W. Alger in an effort to show how the Dairymen's League Cooperative contract was illegal, was sent to practically every lawyer in League territory. The Conference Board mailed out to thousands of farmers a long-winded article, entitled "What the Pooling Arrangement Really Means to New York Dairy Farmers". Some dealers advertised in the country papers calling attention of farmers to the cancellation clause in the contract and gave exact steps necessary to complete withdrawal; Sheffield Farms was even more explicit. The withdrawals were about 2.3% less than a thousand, out of more than 40,000 signers, and only 135 out of 2,300 who already had been pooling and were patrons of the plants taken over in emergency. Some of the larger and more responsible buyers, including Borden's, stated they had ceased opposition and would, upon receipt of signed orders, pay the money to the Cooperative Association. By April 25th, the minimum of 50,000 contracts had been passed and pooling was started on May 1st. The surprising thing was the large

amount of cooperation on the part of the dealers in the sale of milk for May under the new plan; a few dealers, who refused to buy, lost most of their milk because it was possible to take care of the patrons elsewhere.

(64) For many months previous to May 1st, the most serious agricultural panic ever experienced was taking place; the purchasing power of the American farmer had depreciated eight billion dollars in six months; probably half of the world was bankrupt and famine was taking its toll, while United States had an abundance of wheat, corn, oats, cotton and dairy products, but the farmers could not sell them. Dairymen in League territory and a few other sections, where well organized, were well above the average, but even so with the price of milk low and the seasonal high production well under way with the inevitable drop in prices, the Dairymen's League Coop. Assn. and the pooling plan was sure to be blamed by some members and all non-members for the low prices.

(65) The report on the returns from the first month of the milk pool contained information that no dairyman ever had before. As a result of the inauguration of the pooling plan on May 1st and the impossibility of selling all the milk of pooling members to dealers, numerous plants were rented so that the Association actually operated 85 plants for the month of May, handling 41,197,621 pounds of milk, while dealers operated 874 plants, handling 209,961,899 pounds of pooled milk. Total of pooled milk for May - lbs. Total all milk reported - 434,411,593 lbs. for May.

<u>TOTAL ALL MILK REPORTED</u>	<u>TOTAL POOLED MILK</u>	<u>ASSOCIATION PLANTS</u>
Class 1 - 174,457,245# 40%	94,328,963# 37%	2,970,396# 7%
Class 2 - 84,621,417# 20%	88,051,901# 19%	3,772,994# 9%
Class 3 - 50,770,421# 12%	31,873,929# 13%	3,477,981# 8%
Class 4B- 70,732,813# 16%	39,639,215# 16%	10,558,045# 26%
Class 4C- 53,829,697# 12%	37,265,512# 15%	20,408,205# 50%
<u>Total</u> 434,411,593#	<u>251,159,520#</u>	<u>41,197,621#</u>

The preceding represented about 30,000 pooling members delivered to buying dealers and 6,703 pooling members delivered to association plants, total 36,703 pooling members in May. On May 31st, there were 54,537 signed pooling contracts. It will be noticed that, of the more than 50,000 signed contracts on May 1st, about 14,000 were not in the pool, which was due to the fact that the authorizations could not be checked and served on the dealer before May 1st and that many contract signers were located where their milk could not be placed with pool buyers or association plants, so that the milk from these 14,000 went in as non-pooled milk. The above also shows that the association plants handled practically surplus milk. The weighted average or gross pool price was the established price, \$1,735, which was from fifty to seventy-five cents for 3% above prices in other milk areas. The July report showed 60% of all milk sold by the association was pooled.

(66) Late in the summer two lawyers, a politician and a farmer, known as a chronic kicker, succeeded in getting a meeting of seventy-five non-poolers in an attempt to form an organization which was to be called the Dairymen's League Progressive Association to be financed on \$100. According to a newspaper report: "Threats that the Dairymen's League is to be wiped out October 1st were taken under discussion and plans made to meet such an emergency." This was the first of many attempts to organize the opposition to the Dairymen's League Cooperative Association. Again in October, another move was to organize the Dairymen's Non-Pool Protective League.

(67) With the October 7, 1921 issue, the Dairymen's League News became a weekly, with 112,000 copies. On September 27th, the Nestle's Food Co. signed the necessary papers by which the Cooperative Assoc. purchased several of the Nestle plants, including the large condensery at Cooperstown with five receiving stations as feeders and Mt. Upton with four feeder



receiving stations. The sale marked the beginning of the end of a long fight with that company. A year before the Nestle Company closed all its plants in this section, throwing thousands of its patrons out of a market with untold losses. Nestle Food Co. was definitely on its way out. On November 1st, 12,000 milk drivers went on strike in New York City; as a result, very little milk could be delivered and distributors closed a great many country plants. Within a few hours, the Cooperative Assn. had arranged to care for 95% of its poolers, while most non-poolers were without a market. This strike lasted many months.

(68) The annual report of the secretary, as of December 1, 1921, showed 1,143 branches with 99,354 members representing 1,032,133 cows. Of this total membership, according to best information obtainable, there were about 80,000 members producing milk, of which 60,555 had signed the cooperative contract. In view of the fact at least 75% of the producing membership had signed the pooling contract, still the non-poolers started opposition, as some branches had sent non-pool delegates in the vain hope that they could possibly get some control; on the showdown there were eight non-poolers. The delegate body reaffirmed the Cooperative Assn. and voted to discontinue the selling agency of the Dairymen's League, Inc. on April 1, 1922.

(69) After four years of persistent work, in which the League took the initiative, the Capper-Volstead Act became a law, the most important legislation passed by Congress in many years, probably ever, as far as farmers were concerned- a national cooperative act - that clarified the law so that there might be no question as to the right of farmers to unite in making collective sales of their products. After two years of effort, the League secured the enactment by the New York State Legislature in 1918 of a cooperative law clarifying the law with respect to collective sales within the State. The

legislative work of the League which, being far from spectacular, had been one of its most important functions and had secured legislation of far reaching effect on all agriculture, much of which had been and will be of particular benefit to the dairymen and had done much to defeat a vast amount of hostile legislation.

(70) The League had on file 65,441 contracts on March 1st, that date being the end of the withdrawal period. League ice cream was first made and distributed from the Auburn plant in March; also, the first retail delivery of milk by the League was started in Auburn. The Dairymen's League, Inc. had continued to function for the benefit of the non-poolers but, as had been announced by resolution at the annual meeting, it suspended the selling agency on April 1, 1922. On this date, another assault was made on the Cooperative Assn., as the Conference Board refused to agree to the new contract and at the last minute advised its members to buy their milk as individuals. Many of the buyers, including Bordens, bought April milk; the Borden companies elected to buy their entire supplies from the Cooperative Association. More than 75% of pooled milk moved through regular channels to regular buyers and the rest of it through the Cooperative Assn.'s own plants. Mr. Nathans, secretary of the Conference Board, sent a letter to its members in which he said: "Many buyers have looked forward to the time when they could deal directly with their patrons; the action of the producers' organization in ceasing to represent the non-poolers affords this opportunity". The fight was lead by Nestle Food Company and Sheffield Farms along the usual lines of insidious deliberately-false and subversive propaganda. On April 18th, the non-poolers' organization held a secret meeting at Utica with an attendance of about one hundred. Attorney Pratt reported later through the press many bitter and misleading charges against the Cooperative Assn., "but bitter denunciatory resolutions were passed at their last meeting against the Farm Bureau and the Grange." Mr.

Nathans, as secretary, sent a letter to the members of the Conference Board in which he quoted all the resolutions adopted at the non-poolers meeting condemning the Dairymen's League Cooperative Assn. Many of the plants of non-buying dealers were from twenty-five to one hundred per cent dry. For the month of April, the first month of the fight, there were 9,261 more members' milk pooled than the previous month, a total of 51,823, of which 15,016 delivered 75,713,502 lbs. to 127 plants operated by the Association.

(71) Between March 31 and April 1, 1922 (24 hours) the Association created 28 operations and took on about one million pounds of additional milk. As a matter of fact, from April 1, 1920, the Association was a dumping ground for the entire dairy industry of the milk shed for the ensuing four years and more.

(72) The Sheffield Farms Co. was the largest of several distributors to refuse to buy from the Cooperative Assn. on April 1st, and Delaware County, the home of the Sheffields, became the major battle ground; at certain points and one at a time Sheffield Farms Co. presented its contract to patrons, which they were given two days to sign or withdraw their milk. This issue was forced in June at Hobart and Bloomville, but, at Harpersfield and Davenport Center, so many Sheffield Farms' patrons preferred the Association contract the issue was not forced. Sheffield contract read as follows:

"This agreement made this ..... day of June, 1922, by and between ..... town of ....., Delaware County, New York, party of the first part, and the Sheffield Farms Co., Inc., a domestic corporation whose principal place of business is at New York City, New York, party of the second part, witnesseth that the party of the first part hereby agrees to deliver to the Sheffield Farms Co., Inc., at their creamery plant at ....."

New York, for a period of twelve months from the date hereof all the milk produced on the farm occupied by said party of the first part, by his wife, by his son, by his daughter or by any member of his immediate family, or by any of his relatives. The said party of the first part further agrees to the manner and method of agreeing on the price to be paid for such milk periodically as provided by the arrangement between the Sheffield's Producers' Assn., so-called and the officials of the Sheffield Farms Co., party of the second part. The party of the second part hereby agrees to accept the milk of the party of the first part for a period of twelve months from date hereof, provided such milk is produced and delivered in accordance with the rules and the regulations of the Department of Health of the City of New York and to pay therefor the price agreed upon periodically by the Sheffield's Producers' Assn., so-called, and the officials of the Sheffield Farms Co., Inc., party of the second part.

In witnesseth whereof the parties hereto and hereunto set their respective hands and seals the day and year above written.

Signature \_\_\_\_\_ L.S.  
Sheffield Farms Co. Inc. \_\_\_\_\_ L.S.  
\_\_\_\_\_ L.S.  
Witness \_\_\_\_\_ L.S.

(73) In anticipation of the annual meeting of the Dairymen's League Coop. Assn., Inc., which takes place in June, the territory of its operations was redistricted to make more equitable representation of the members. The redistricting as proposed, after being once rejected by the directors, was forced through by political strategy and chicanery and accomplished the purpose of the politicians. The annual meeting resulted in the politicians being in full control.

(74) A notable victory for farmers' organizations was won in the

Federal Court at Newark, N.J., on June 27, 1922, when Judge Bodine granted a motion for non-suit in the case of Thomas B. Merchant, a Binghamton lawyer, who sought to recover damages of \$150,000 under the Sherman Anti-Trust act from the Dairymen's League, Inc., and Frederick W. Janssen, Hoboken, N.J., a milk dealer. A decision handed down on January 15, 1925, by referee James H. Merwin, in the New York Supreme Court at Utica, N.Y. found that the plaintiff, Frederick C. Barnes, a patron of Borden's at Westmoreland, had no cause for action and that neither the Dairymen's League Cooperative Assn., Inc., nor the Borden Co. had conspired to create a monopoly in the production or sale of milk in the State. On January 27, 1923 in Supreme Court in Utica, before Judge Louis Martin, a jury handed down a verdict in the matter of the Holmes Bros. case, which established the validity of the pooling contract of the Dairymen's League Cooperative Assn., Inc. and was enforceable.

(75) On September 1, 1922, the League purchased the wholesale milk business of the Levy Dairy Co., which consisted of twenty-two country stations, the city milk plant at 19th Street and Ave. B in New York City and equipment, 115 horses, wagons, etc. and 13 trucks, altogether a daily capacity of 6,000 cans.

(76) The secretary's report to the annual meeting of the Dairymen's League, Inc. in December, 1922, showed that on January 18, 1922 the Dairymen's League Coop. Assn., Inc. no longer required a milk producer to be a stockholder in the Dairymen's League, Inc., to become a member and, on the same date, the Dairymen's League, Inc. closed its books for the sale of stock and notified its stockholders that the selling agency would suspend and had suspended on April 1, 1922, and that, in accordance with the action taken at the 1921 annual meeting, the board of directors on August 23, 1922, had sold and transferred to the Dairymen's League Coop. Assoc. Inc., all its right, title and interest

in and to the Dairymen's League News. The report also revealed that, at the passing of active service, the Dairymen's League, Inc. had 1146 branches with a total enrollment of membership from its inception of 100,693, representing 1,044,806 cows. At the Annual stockholders' meeting December 11, 1923, the officers and directors were requested and directed to take such action as necessary to cause the dissolution of the Dairymen's League, Inc.

(77) By January of 1923, the editor of the News, many of the old experienced heads of departments and employees, upon whom rested the responsibility and to whom credit was due for getting the machinery set up and functioning for the operation of the Cooperative Assn., severed their connections on account of the arbitrary, dictatorial and star-chamber proceedings of the administration. These places were filled with new and untried men of little or no experience in the milk business. The policy of the administration from its beginning in December 1920 up to this time was reactionary, dilatory and vascillating, resulting in a gradually increasing lack of confidence. In the summer of 1923, the offices were moved from Utica back to New York, being located at 120 West 42nd Street.

(78) Although the Assn. from the spring of 1920 had marketed much of its milk from its own plants in the form of sweetened, condensed, evaporated and powdered milk, early in 1925 it entered upon an extensive and expensive advertising and sales campaign for its manufactured products. These products later were to be found in many foreign countries and on the shelves of most stores in New York City, most upstate cities and cities outside of the League territory. Inasmuch as the League had been built as a fluid milk organization, this policy of an advertising campaign to the neglect of fluid sales was questionable in the minds of many.

(79) In November of 1923, class one price established by the

League, without any hint, was cut 40¢ per cwt. by Sheffield; the League, in order to get back its customers, dropped its price 65¢ or 25¢ below Sheffield and Sheffield then cut 22¢ below the League and was supported by non-pool farmers; the price to non-poolers outside of Sheffield was even lower. It was a deliberate start of a price war with no reason other than an act of retaliation against the League for entering New York City market. The results of this hostility had a sobering effect on Sheffield and non-pool farmers, as they paid more of the cost than League members. This skirmish was soon followed by the League's purchase of the Empire State Dairy Company the first of the following February, the third largest company in New York, doing about one-third of the retail business in Brooklyn, also the largest non-pool dealer except Sheffield.

(80) On February 19, 1924, Albert Manning died. He had been Master of the State Grange and was Secretary of the League nearly seventeen years, from its beginning until his death, which was a casualty of his long hard struggle for agriculture superinduced by worry and anxiety for the fate of the League.

(81) In the spring of 1924, the League brought out a new kind of milk plant, an emergency plant contained in two standard refrigerator cars; one, the powerhouse; the other, the milk handling station, which could be moved on a moment's notice to any part of the League territory in case of a fire or breakdown or other emergency. This was something entirely new and a contribution to the milk industry. The League was first to use the movable tank unit system in rail shipments of milk and also, in cooperation with the Borden Co., the first to use the tank car in the New York market; also, one of the first to use tank trucks for long distance hauling of milk.

(82) In May 1924 after a hearing, Governor Smith signed what was

called the Uniform Cooperative Marketing Bill which had for its purpose enactment of a uniform cooperative marketing law in the several states to protect farmers' interests. Those who opposed the bill were President of the Sheffield Farm Producers, a representative of the Non-Pool Assn., New York Milk Conference Board, the packers and the Rural New Yorker. This law is the present Cooperative Corporations Law.

(83) Following the price cutting war between the League on one side and Sheffield Farms Co. and the Non-Pool on the other, which was still in progress, early in the spring of 1924 the first of many get-together moves was instituted by John Dillon under the auspices of the Rural New Yorker and was known as the Committee of Fifteen. This Committee of Fifteen was composed of three representatives of the League, three of the Non-Poolers, three of the Eastern States and three others - three poolers and 12 non-poolers. This Committee of Fifteen met in Utica on May 24 and, among other things, approved of the multiple price selling plan and recommended a June price for class 1. Aside from the legal questions involved, it still remained that the mere adoption of the multiple price plan in no way prevented or lessened the competitive scramble for higher priced markets. Another meeting was held about a month later; instead of taking up the matter of the form of organization for one selling agency to comply with state and federal laws, the non-poolers were insistent upon fixing a price for class 1, whereupon the three representatives of the League withdrew. It was then revealed that the real purpose of the Committee of Fifteen was to lead the League into a trap.

(84) On December 16, 1924, the League purchased the Clover Farms, Inc., which consisted of seven country plants and, principally, a large distributing plant on West 128th St. with 160 delivery routes doing an exceptionally large Grade A. business. Inasmuch as the Borden Co. had been a 100% purchaser



of League milk, the retail business was turned over to the Borden Co., as was also the retail business of the Empire State Dairy when purchased early in the year. On January 1, 1925, the W. M. Evans Dairy Co. was purchased, which consisted of 2,500 cans of trade, twelve country plants and 226 routes, mostly bottled trade to families, which was turned over to the Borden Co. With the exception of Sheffield Farms, those three companies were the largest buyers of non-pooled milk in the New York market.

(85) The Cooperative Assn. had been organized to function for the whole industry and had been planned to take in all dairymen qualified for fluid shipment and others as fast as they became qualified, so that each would bear his equitable share of the burden of surplus and of financing. The Association, from its beginning, having been maintained for the benefit of the industry as a whole unit 1925, had failed to support it, only a part bearing the burden. Had the aggressive and militant policy, which had characterized the old League, been continued instead of allowing it to lapse, from that time on, unquestionably, the history of the New York Milk Shed would have been much different.

(86) A long hoped for change in policy was in the making and was put into effect by the acquisition of a substantial amount of class one outlet in New York by 1925.

This change of operation resulted in the sale of the condensing plants at Burke and Whitesville on February 1, 1925 and the lease of the Cooperstown, Milton and Troy plants, effective February 15th, to the Borden Co. The Borden Co., under license granted by the League, agreed to market Dairy Lea condensed and evaporated milk within specified territory and to maintain these markets during the terms of the lease and to supply the League with fluid milk when required. In line with these changes of the League's manufacturing and selling operations, the Directors passed a resolution to the

effect; that after the first of March 1925 no new contracts be accepted and no reconsideration of withdrawal notices be accepted, except in such localities and at such times as the Executive Committee may determine and to continue after April 1, 1925 until such time as the quantities of milk handled by the Association are not unduly large, as compared with requirements for its city markets. That these changes in policy brought about a decided change in the amounts of milk used in various classes was shown in the fourth annual report; for the fiscal year 1921-22, 29% went into classes 1 and 2, in 1924-25 it was 76%; Class 4 for the corresponding fiscal years declined from 56% to 15%. On June 6, 1925, the Association shipped into New York 22,350 cans of milk. 1922 fluid sales were 252,000,000 lbs. 1924 fluid sales were 498,000,000 lbs. The condensed balance sheet of March 31, 1925 showed total assets of \$21,859,255.74 and gross sales of \$65,067,864.29 for the fiscal years. The total pooled milk handled through dealers and association plants for the year was 2,358,941,906 lbs., of which 51.9% was class 1. The association had 225 plants either leased or owned. The audit of dealers' reports to the Association of classification uses during the year resulted in additional changes aggregating \$144,000. This item should be of particular interest, in view of the fact that much milk has been sold on classification prices and no audit ever made. The audit of transportation charges resulted in claims to the amount of \$12,291.07, for losses, damages and overcharges for the year, of which \$11,971.24 was recovered.

(87) In the fall of 1925, E. R. Eastman, former editor of the League News and present editor of the American Agriculturist, published what was the first and only book of its kind, "The Trouble Maker", a story having for its background the early history of the Dairymen's League, Inc., using description of events that took place during the memorable milk strike of 1916.

(88) The expected and regular annual attack of the Rural New Yorker upon the Dairymen's League took place about December 1st, featuring the unholy alliance between the League and the Borden Co. To the often repeated question, whether asked concerning the Dairymen's League, the New York State College of Agriculture, Cooperative Legislation or bona fide cooperative and farm organizations, the answer follows:

"August 28, 1918

Dairymen's League News

New York

Somebody has sent a copy of the League News for September, which I read with great interest. I suppose you have heard of the rule laid down by one of the most successful advertisers in the country.

If your competitor declines to talk about you, hire him to do so. I have always felt that this was sound advice and you will be falling in with the game very well \_\_\_\_\_.

Most of these advertisers have sent the matter to us stating that they have always found the Rural New Yorker most helpful while we are going through a scrap.

Very truly yours,

(Signed) H. W. Collingwood"

(89) Continuing its policy of acquiring city fluid outlets, the League purchased from time to time the businesses of small companies and individual dealers, the Keystone Dairy being the largest, and, on January 1, 1926, purchased the Standard Dairy Company, consisting of seven country plants and seven hundred cans city trade, with the equipment but not the city real estate, which trade was handled through the Association's plant at 19th St.

(90) The National Dairy Products Corporation, incorporated in December 1923, having acquired substantial milk and ice cream interests in Chicago, Pittsburgh and Philadelphia, about December 1, 1925 acquired the Sheffield Farms Co., the second largest distributor in New York, and its subsidiaries. The rapid rise and growth of the National Dairy Products Corp. and its entrance into the New York Metropolitan market was cause for apprehension on the part of milk producers supplying that market, as already prices on all classifications, except class 1, were based on the butter, cheese and condensed milk prices of the Chicago and mid-west areas. The purchase of the Northern New York Milk Corporation by the United Dairy Products Corp., a third big combination, was further cause for apprehension, particularly on the part of Northern New York dairymen, as the operations of the Sheffield Condensing Co. centering at Canton were spread over Northern New York also.

Eastern dairymen, viewing with alarm the threat of western milk, resulted in a second get-together movement honestly conceived by dairymen whose interests were at stake.

(92) On January 9, 1926, a meeting of about a thousand dairymen from Jefferson, St. Lawrence and Lewis counties was held in Watertown to discuss the threatening situation brought about by the recent formation of huge milk combines, making possible the entry of cheap western milk into fluid markets of New York. The result of the meeting was the appointment of a committee of 13 leading milk producers of the county, representing no particular organization, to work with similar committees expected to be formed in other counties of the State for the purpose of coordinating the different organizations of the State for the protection of the industry. Organizations represented were the Dairymen's League, Non-Pool Association, Sheffield Farms Producers and many farmers of the so-called independent group.

(92) On February 4, 1926, a meeting of committeemen, representing the dairymen of eleven counties of the State, was held in Watertown, which endorsed a plan for bringing together all milk producers in the New York City Milk Shed. This plan was presented by E. B. Johnson of Chaumont, a member of the Jefferson County Committee of 13. The plan provided for bringing the dairymen of all present organizations into one body, the suggested name for such organization being, "The Dairymen's United Cooperative Association." Appropriate resolutions were adopted, which recommended and endorsed the following fundamental principles:

- "1. Properly incorporate.
2. With membership available to actual producers operating in the territory commonly known as the New York Milk Shed and this membership to be exercised through a contract.
3. Employing a classified price plan for the sale of milk and its products.
4. Equalized payment plan subject to grade and differentials.
5. Comprehensive financing plan, just and equitable to all members."

The meeting directed the secretary to issue a call for a delegate meeting to be held in Utica on March 3, 1926, whereby the resolution could be duly considered and acted upon or amended by all interested dairymen, and if the plan received endorsement, steps to be taken to conform to the wishes of the dairymen in bringing about a merger of all producers in the territory.

On March 3, 1926, more than 600 dairy farmers, representing practically every section of the New York Milk Shed, met in the Martin Hotel at Utica. The Hon. Peter C. TenEyck was unanimously chosen chairman. The "Johnson Plan" was presented and the fundamental principles, as adopted at the Watertown meeting on February 4th, were unanimously adopted and, in

addition thereto, the following resolutions:

"Be it resolved that the following organizations appoint a committee of eleven delegates whose duty it shall be to develop a plan for effecting a federation of existing organizations and be it resolved that this committee consist of two representatives from each of the following groups, viz: Eastern States, Sheffields, Dairymen's League Cooperative Assn., Non-Pooling Dairymen's Assn. and Independents, and be it further resolved that Peter G. Ten Eyck be asked to act as chairman of said committee."

(93) The New York State Farm Bureau, through C. A. Taylor, assistant leader, declared that the farm bureaus were behind the dairymen in any move that promised to better the conditions and would not favor any particular group. Inasmuch as the delegates of the independent groups had no organization, it was decided to meet after adjournment to appoint representatives, after which the thirty or more independents took steps to perfect a permanent organization.

(94) On April 13, 1926, the Committee of Eleven, created by the Utica meeting of March 3rd, held its first meeting in Albany. It soon appeared that there were differences of opinion as to the meaning of some of the resolutions and the best character of the structure of a "United Dairymen's Association." Discussions were maintained at all times on a high plane, with members of the Committee kindly courteous to one another, and summarized as follows: 1st. Non-Poolers believed that the farmers should own no milk plants, that a bargaining association similar to the old Dairymen's League was best adapted to the needs of the dairymen and to carry out the instructions of the Utica meeting and that such organization receive a commission to meet its expenses and should be incorporated. 2nd. Sheffields believed that there should be a separate organization for each milk distributing company, that the farmers

should own no plants, that their own organization was best adapted to carry out the instructions of the Utica meeting and that their form of organization would require no financing other than a small commission to meet expenses, that "Equalized payment plan subject to grade and differentials" was not intended by the Utica meeting to refer to payments made by the organization to members, but referred to the prices the organization should charge buyers, that each organization continue its existence and operation, each selling their milk separately at such prices as they could obtain and that it was not necessary for such an organization to be incorporated. 3rd. Eastern States believed that the farmers should own the country milk plants and that, to do this, a comprehensive financing plan would be necessary, that the Utica meeting meant ultimately one united organization, that it would take several years to bring this about and that the Committee should recommend a Conference Board to meet periodically to impart to one another information as to economic conditions, to work as a unit insofar as they could lawfully do so and develop a more fraternal feeling among groups, which would eventually permit the organization of the "United Dairymen's Association." 4th. The Independents believed that the farmers should own the country milk plants as a means of self protection. One representative was inclined to central ownership and management but there was no doubt in their minds as to the necessity of the farmers owning them. 5th. The Dairymen's League believed that the spirit and purpose of the Utica meeting, as expressed in its resolutions, was for one united dairymen's association that could eliminate waste, duplication of investments and effort, competitive scramble for best markets, and that equalized payments referred to payment made by the organization to members and not to prices paid by buyers to the organization, that such equalized payments meant the equitable distribution of the burden of surplus. The League's interpretation of the resolutions of

the Utica meeting was that each one of the resolutions should be interpreted in the light of all the others, that one united association was the end in view, regardless of whether it should be called a federation, an association or a conference, the essential thing being the powers given the association, the duties imposed upon it and adequate financing.

That it would be necessary for farmers to own country plants in sufficient number to give them bargaining power equal to that of the buyers, that a mere bargaining association must accept prices the buyers are willing to pay or resort to a milk strike, that the "United Dairymen's Association" should be incorporated, preferably under one of the cooperative statutes of the State of New York. Preferably, but not necessarily, it should be non-stock and necessarily a non-profit association.

(95) On May 5, 1926, the second meeting of the Committee of Eleven was held at Albany with all members present, at which each group presented a plan conforming closely with the views as expressed at the meeting on April 13th. Mr. Rhodes of the Non-Pooling Assn. handed in a plan which he stated he had been requested to have entered in the minutes of the meeting. It did not appear who was the author, whether a milk producer or whether his financial interests were adverse to those of dairymen. A resolution was offered by Sheffields, to the effect that the various groups federate into a conference, seconded by an Eastern States representative. The Dairymen's League offered an amendment which in substance provided: That the Committee at as early a date as possible report to the Utica Meeting, when reconvened, a plan or plans for one United Dairymen's Assn. and also recommend that, during the time necessary to submit a plan to dairy farmers and the preparation of the definitive documents carrying out such plans, the Committee recommend to the Utica Meeting that the various marketing groups have periodical conferences. The amendment was lost 3 for and 7 against, the original motion was carried 6 in favor and



4 against, those voting against being one Non-Pooling, one Independent and two League representatives. From the vote on the amendment and discussions both before and after the vote was taken, it was obvious that seven of the Committee were openly against any United Dairymen's Association. The Committee adjourned to meet again on June 29th.

(96) Rumblings of dissatisfaction with progress of the Committee of Eleven resulted in a meeting at Watertown on May 24th of the joint committee, representing the dairymen of Jefferson, St. Lawrence, Lewis and Oswego counties, at which it was voted to name a committee of five from the ranks of non-pooling and independent producers to confer with the Executive Committee of the Dairymen's League Cooperative Assn., Inc., to ascertain what modifications could be made in that organization's membership contract to make it more acceptable to producers; a resolution was also passed to the effect, that inasmuch as the state-wide delegate meeting at Utica March 3 had unanimously agreed that the interests of all dairymen could best be served through one United Dairymen's Assn., operating under certain specified fundamental principles, and that a committee of eleven had been duly appointed to develop plans for such an organization, and that the said committee of eleven held two sessions and adjourned to June 29th without prospect of an agreement to provide one United Dairymen's Assn., and that the said committee had differed in its interpretation of the resolutions specifying the five fundamental principles, and that the groups represented on said committee of eleven had submitted and proposed several plans, and that it was the belief of dairymen generally that procrastination on the part of said committee in performing the task assigned it was incurring great financial loss, and that it was the desire that the said Committee at its next meeting on June 29th should definitely agree upon a plan whereby the dairymen of the New York Milk Shed

can be united in one organization. Therefore be it resolved, that we request the Hon. Peter G. Ten Eyck to call another delegate meeting at Utica on June 22nd, and that he summon the said Committee to attend thereat and that it be requested to submit to the delegate body its several proposed plans for consideration, in order that some definite plan for unification be determined at that time, and that the said Committee be authorized to proceed at its next session to execute a method whereby such accepted idea will be made operative at the earliest possible date.

Chairman Ten Eyck did not issue a call for a meeting on June 24, as requested by the original committee of the Northern New York counties. Difference of opinion among the Committee of Eleven was given as the reason for failure to call the state-wide meeting at Utica. It was reported that considerable pressure had been brought to bear on Chairman Ten Eyck of the Committee of Eleven to prevent calling of the meeting on account of the Queens County Grand Jury presentment after investigating price fixing and the milk graft charges, which recommended that milk cooperative marketing associations be brought under jurisdiction of the law prohibiting trusts by repealing the amendment to the Donnelly Act; that chairman Ten Eyck's decision to refer the matter to the individual members of the Committee of Eleven before calling the meeting was due to the fact that Sheffield Producers Association opposed the calling of the meeting from the first, although no action had been taken by that Association.

(97) On June 29, 1926, the Committee of Eleven sat for the third time and, after a session lasting about two hours, adjourned finally. The Committee of Eleven rejected the plan recommended by the Utica Meeting by a vote of six to two and recommended a Conference Board six to three.

(98) On September 11, 1926, a meeting of the dairy committee of

Jefferson, St. Lawrence, Lewis and Oswego counties was held at Alexandria Bay, where it was decided that the chairman appoint a committee of two men from each of the four counties to be authorized to fix a date for another territory-wide meeting of dairymen of the New York Milk Shed to be held in Utica. This committee was also authorized to act as a committee on arrangements. The time and place fixed for the meeting was at Utica in the Hotel Martin on October 27, 1926 at 10 A.M. for which a definite plan of procedure was agreed upon.

(99) At this meeting, the Johnson Plan, outlined more in detail and reaffirming the five fundamental principles adopted at the March 3 meeting, was presented and received major consideration. A second plan was presented, which was a Conference Board of existing organizations, the same as had been presented to the Committee of Eleven early in the summer, upon which that committee could not unanimously agree. A committee of twelve was selected, composed of actual milk producers, none of whom were officers of any existing organizations, to endeavor to produce a plan to unite all dairymen. In making up the committee, the delegates selected men from the League, Non-Poolers, Sheffield Producers, Eastern States and unorganized groups, Mr. Johnson as representative of the Northern New York Counties Committee and Hon. Peter G. Ten Eyck as chairman.

(100) The editor of the Rural New Yorker, after deliberating for two weeks upon his observations at the dairymen's meeting held in Utica on October 27, expressed an opinion of the plan for one United Dairymen's Assn. as presented by the northern committee and of the incompetency of dairymen to think for themselves, to plan for themselves or build for themselves. John J. Dillon of the Rural New Yorker called and conducted a meeting of dairymen at Utica on December 2, at which he presided. Mr. Dillon's per-

sonally selected committee presented a plan for a United Dairy Cooperative Assn., Inc., which Mr. Dillon had prepared and explained to the meeting at some length and excluded presentation of any other. Finally Mr. Dillon called for a resolution, which had been prepared the night before, which provided for endorsement of his plan and the creation of a committee of ten, consisting of Mr. Dillon as chairman and three representatives, each from the Eastern States, the Non-Poolers and independents. Mr. Dillon adjourned the meeting and called his committee into executive session. Northern dairymen were particularly incensed over Mr. Dillon's charges that they were unfit to work out their own destiny and resented his calling a meeting barring members of the Dairymen's League Cooperative Association and denounced Mr. Dillon's action as a deliberate attempt to create dissension and disrupt the movement, which the northern dairymen had started themselves, and arouse old enmities which they had labored for a year to abolish, and grab for himself, not only leadership, but empty honors and steal the name of their proposed association.

(101) On December 15, 1926, the Committee of Twelve met in Albany, where it first adopted the name of Milk Producers Program Committee on Unified Organization, to identify the committee and reveal its purpose; also, to prevent its being confused in the public mind with the Dillon Committee of Ten. The Program Committee decided to seek all information, suggestions and recommendations available before proceeding to draft the organization plan. With this end in view, dates were set for three two-day hearings to be held in Albany on January 3, 4, 24 and 25 and February 14 and 15. Testifying before the Committee, President Slocum of the League stated that because of duplication of milk plants, imperfect zoning of supplies and unnecessary transportation of milk was costing the dairymen of the New York Milk shed

\$12,000,000 a year. Several railroad agricultural agents and prominent milk dealers testified that there was a huge waste of money in the transportation of milk, due to lack of proper zoning and duplicate and unnecessary plants. Testimony was introduced showing that the freight rate on tank car shipments of milk made it possible for milk from territory far beyond the present Milk Shed to compete in the New York Metropolitan Market.

(102) The new Dillon organization, the Unity Dairymen's Co-operative Association, Inc., selected its officers at a meeting of representatives of the Non-Pool Association and Eastern States behind closed doors at Utica February 4th; Mr. Dillon, remaining chairman of the organization committee and becoming official press agent, was voted access to all meetings of the association and its committees. With this election, the Non-Pool Association and Eastern States ceased to function.

(103) The Milk Producers' Program Committee on Unified Organization, after having held a series of hearings which produced a vast amount of authenticated information, realized that the experience and opinion of the dairymen who milked the cows every day in the year, was the most important of all, and that it would be impossible to get a statement from the more than 100,000 dairymen in the milk shed except through the County Farm Bureaus. The Committee asked all the county agents to conduct a referendum by sending a list of 16 questions to all dairymen in their respective counties. C. A. Taylor, secretary of the Program Committee, reported the result of the referendum at a meeting at Ithaca on April 25th that; out of more than 41,000 questionnaires sent to dairymen in 40 dairy counties in New York State, 4,115 replies had been received, of which 89% favored having the milk sold through one farmer's organization, 62% favored an organization made up of individual farmers directly under contract to it, 25% favored one

organization made up of Community Units and  $12\frac{1}{2}\%$  favored Company Units;  $71\text{-}3\frac{1}{4}\%$  favored a farmer's organization manufacturing surplus into by-products rather than the buyer,  $76\frac{1}{4}\%$  favored ownership of the property by producers' organizations rather than by the buyers; of those who favored farmer ownership of plants,  $73\frac{1}{2}\%$  favored ownership by a Central Sales Organization rather than Local Community Groups; answers from all groups generally agreed that financing should be done by pro-rata deductions or dumpage charge on milk delivered; a few favored stocks or bonds for permanent financing; most League patrons and many others favored the revolving fund used by the League;  $90\frac{1}{4}\%$  favored a contract between the producer and his organization as essential, if strong enough and enforced;  $89\frac{1}{2}\%$  favored administration by elected officers and directors rather than by non-member employees; there was general agreement that 'one organization' was the way to reduce costs arising from duplication of shipping plants.

(104) When press reports exposed the carefully guarded secret plan of the Milk Producers' Program Committee for Unified Organization to be nothing more than a conference board, the North Counties Committee met on June 3, asked by resolution that the Program Committee meet before June 15, and "formulate a plan for one united organization as was commissioned to do" to be presented to the farmers' delegates at Utica, June 27.

Three members of the North Counties Committee were members of the Program Committee, who neither affirmed nor denied the truth of the press report. It was revealed that the plan for organization was an "Advisory Board". Several members of the North Counties Committee were Sheffield men, who voiced disapproval of the stand taken by the Sheffield Producers' representatives on the Program Committee in holding out for a conference board organization.

(105) On June 27, 1927, the delegate meeting was held at Utica to receive the report of the Milk Producers' Committee on Unified Organization. The report submitted was not the same report that was written and adopted by the committee at its meeting in Utica a month before, which was to have been kept secret until June 27. The report submitted was a revised document drafted the night before the delegates' meeting to prevent a committee split. The report for a month previous carried only a recommendation for an Advisory Board, and listed among the duties of such a body: "Obtaining a fair price for milk". The Committee did not resume its deliberations and produce plan for one united organization as the resolution, by which it was born, directed and as 90% of the farmers answering the questionnaire requested, whereupon the North Counties Committee met again in Watertown a few days before the Utica meeting and wrote the North Counties Plan, which resembled closely the Johnson Plan of a year before and endorsed by thousands of producers, and directed Mr. Johnson to present this plan to the Program Committee with a request that it be adopted as a Committee plan instead of an Advisory Board. Mr. Johnson presented the North Counties Plan and arguments against the Advisory Board before the Program Committee, which was in closed session nearly all night. It was reported that debate at times became very spirited and that three members held out for the Advisory Board and refused to change. Chairman Ten Eyck was insistent no majority and minority reports be submitted and demanded that the committee agree on something and present a unanimous report. Finally a compromise was agreed upon, whereby the Advisory Board be recommended but that the report also recommend a merger of organizations and give its approval to the North Counties Plan, upon which all might be merged and that the whole question of plans be referred to producers in a referendum. The report was read at the morning session of the delegates' meeting. The Advisory Board

plan still contained the phrase which many considered as a "price-fixing proposal." During the noon recess, there was much discussion among delegates of an announcement published in the June 25 issue of "Agricultural Cooperation", an official publication of the United States Department of Agriculture, in which its solicitor had ruled that price fixing, or such an understanding, express or tacit by cooperative organizations would constitute a transgression of the law. At the opening of the afternoon session, Chairman Ten Eyck said that among many there was a belief that it would be illegal for an Advisory Board to act on prices. He suggested that the phrase pertaining to prices be stricken out of the report, which suggestion was agreed to. After oratorical efforts pro and con as to the Advisory Board and an objection to a roll call vote, the report of the Committee and its recommendations were adopted by the delegates. Among the resolutions passed was one; that the Advisory Board should be composed of the executive committees of the Dairymen's League, Sheffield Farms Producers, Unity Dairymen's Cooperative Association and one additional lay member for each organization for each 10,000 members or major fraction thereof; that the Advisory Board shall have the power to adopt its own constitution and by-laws; and that Chairman Ten Eyck was made a committee of one to bring about the first meeting of the proposed Advisory Board within thirty days.

(106) At the meeting of League directors on July 20, directors and county presidents gave considerable time to the consideration of the work of the Unity Program Committee and approval of much of its work, but were uncertain about the Advisory Board. A special committee was appointed to get information and report at the next regular monthly meeting of directors, which took place on August 24, at which unanimous decision was made to refrain from becoming a part of the Advisory Board recommended by the Milk Producers Program Committee on Unified Organization at Utica June 27. This action on the part of



the board of directors was prompted by facts revealed in the investigation, carried on under direction of the Board. Among these facts were: that the League members are denied representation to which they are entitled; that local cooperative associations are denied representation; that one of the organizations eligible to membership has stated that it will insist that such Board enter into an unlawful price fixing agreement; that other organizations would have the power to make and change the constitution and by-laws of the Advisory Board; that the proposed Advisory Board is not charged with the duty of working for greater unity among dairymen, and that two of the other organizations are opposed to such unity; that to join this Board would bring to the League disapproval of thousands of dairy farmers who are sincerely working for greater unity of dairymen. After a year and a half of what was a sincere desire and effort on the part of farmers, who milk the cows every day in the year, for a United Dairymen's Association, that the results of two of their chosen committees should prove abortive can lead to no other conclusion than that there was hidden sinister force at work against them and that some of their representatives were tools through which it accomplished its disruptive work.

(107) The acquisition of Sheffield Farms Company by National Dairy Products Corporation about the first of January, 1926, and other mergers, and the threat of western milk competition in connection therewith, had started the movement for a United Dairymen's Association. While this movement was under way for about a year and a half, other events were transpiring which were of vital interest to eastern dairymen. Early in the year, Dr. Louis J. Harris was appointed Health Commissioner of New York City and almost immediately demanded legislation to prohibit the sale of dipped milk, asserting that it had been proven that at least 90% of adulteration of milk resulted from that practice. Certain interests characterized as a "smoke screen" the League's warning of the effect of outside milk on the market of eastern dairymen. Beginning April first, the New York papers carried front page articles of the

amazing confession of Harry Danziger, made to the District Attorney of Queens County, in which he admitted collecting \$100,000 from western shippers sending bootleg cream into the New York market. One of the very first acts of Commissioner Harris was to exclude western plants for not meeting Board of Health conditions. Dr. Harris pressed graft charges relentlessly, which revealed astounding facts in regard to admission of adulterated and uninspected milk and cream in return for protection given through the City Health Department under the former Commissioner Monaghan and previous to January 1. The barring of western milk and cream immediately resulted in additional demand on the League and other organizations supplying New York City. Danziger testified before the Queens County Grand Jury that his largest individual collections came from the Nestle's Food Company and the Valley Dairy Company; that the Nestle's Food Co. paid him \$92,000. The Valley Dairy Co. had been recently organized and was closely related to the Nestle's Food Co., John F. Montgomery, Albert J. Bloom and others of the Valley Dairy Co., having been connected with the Nestle's Food Co., occupying high executive positions with the Nestle's Food Co. The Valley Dairy Co. was a notorious and ruthless price cutter in the New York market and one of its functions, besides handling bootleg milk and cream, was to serve as a medium for dumping surplus milk on the wholesale market, in which capacity it served Sheffield Farms and independent farmer cooperatives. The license of the Valley Dairy Co. was revoked and, as a result, the cooperatives sustained heavy losses. A Cornell Bulletin showed that, during some months, 39% of New York City's cream supply came from the west and Canada.

On May 8, 1926, Commissioner Harris called into conference representatives of the League and other groups of producers of the New York

Milk Shed to determine what steps might be taken immediately to collect definite information regarding the year-round milk production and consumption in the New York territory. In explaining his reasons for asking for assistance from the milk producers of the territory, the Commissioner said milk from far away sections of the country is knocking at our door every day. There are two questions this department must answer in the very near future. One of them is "Shall the city go far afield in order to get an adequate year-round supply of milk? I do not want to do this but, if we do not do it, the city must be assured that it will have from its natural milk territory an adequate supply of milk during the so-called short season, which lasts from November to March. Promises won't do. I must have something definite. When the shortage period comes, it must be met. If I have to give permits to producers far away in Ohio or Illinois, it will be permanent year-round permits." He stated that the question was of more vital concern to producers than to the Department of Health. The Secretary of Agriculture was called upon to assign inspectors to take charge of collecting the data. Dr. Harris also announced that he would ask for an advisory committee of five, representing the principal groups in the New York City Milk Shed; namely, the Non-Pooling Association, Sheffield producers, Eastern States, Independents and the Dairymen's League, and that this advisory committee should be the mouthpiece for the industry and clearing house for information wanted. What better demonstration is needed to show that the dairymen should be united in one association to fight for the industry?

(108) The League won a long and hard fight through its membership in the National Cooperative Milk Producers Federation, assisted by the State Grange, Farm Bureau and other farm organizations, in the passage of the Lenroot-Taber Bill in February, 1927, the purpose of which was to require Canadian milk producers, shipping milk into this country, to comply with the sanitary regulations asked for

our own producers. Among the opponents were the Sheffield Farms Co. and Nestle's Food Company.

(109) No sooner had the short period passed, with no shortage of milk, than in the early spring of 1927 announcement was made that the Board of Health was giving favorable consideration to a request to extend the New York Milk Shed further west far beyond the present limits. The League immediately moved to protect eastern dairymen by filing a brief with Commissioner Harris, urging that eastern dairymen have an opportunity to supply market demands and approve of one cent a quart increase in the fall instead of expanding the territory westward. Aroused over the situation as pointed out by the League's presentment to Commissioner Harris, in regard to extension of the Milk shed, the North Counties Committee called a mass meeting of dairymen and business men at Watertown on April 23 to explain the situation and what was being done to preserve the market for eastern dairymen; requested President Slocum of the League, Chairman Ten Eyck of the Program Committee, C. F. Boshart, president of Sheffield Farms Products and Truman Cole, president of the Unity Cooperative Association, to address the meeting. The meeting was attended by nearly a thousand farmers and business men and passed suitable resolutions in support of the League's presentment. A statement was read, setting forth the substance of views tentatively expressed on the milk situation by Commissioner Harris, extracts from which read as follows: "The welfare of all farmers, who are producers of milk in the State of New York, would be enhanced in effectiveness of mutual service and the safeguarding of their investment and interest if they were united in a single organization. It would enable them to deal collectively with the health agencies, or others, requiring a product in whose production they have so much at stake. Such a united organization, if animated by constructive ideals and enlightened self interest, would facilitate the maintenance of helpful relations

will all concerned. There are two factors in this situation (a) The producers, who ought to be united for mutual service and collective action without any thought in mind to exercise arbitrary powers that are subversive of the public interest. That Commissioner Harris was favorably impressed by the League's presentment, setting forth the facts in regard to the prevailing situation, and that which would follow any movement westward for milk, was evidenced by his announcement at the conference of April 29, that he would not widen the territory. Responsibility for meeting the demands of the New York City milk market was placed squarely upon the dairymen of the New York milk shed.

(110) Upon request of the Program Committee on Unified Organization, in accordance with the request of the mass meeting in Watertown April 23, a similar meeting was called on May 14 at the State Armory at Oneonta, which was attended by 1200 from the five adjoining counties. By resolution, the farmers expressed their intention to cooperate in providing "a sufficient supply of acceptable milk" in appreciation of Commissioner Harris' decision to give eastern dairymen an opportunity to supply the metropolitan market's requirements and appointed a Standing Committee to consider problems of the dairy business, as they may arise, and call meetings of producers when necessary. The climax of the meeting was reached when it was stated that the Eastern States Milk Producers, Inc., one of the producers' organizations represented on the Producers Committee on Unified Organization and recently merged by Mr. Dillon with the Non-Pool Association to form the Unity Dairymen's Cooperative Association and whose president had and was persistently urging the Conference Board plan of unification, at the very time that producers of all groups were seeking to prevent any extension of the New York Milk Shed, was seeking western milk. The following letter was read:

May 10, 1927

Northern Ohio Cooperative  
Producers' Association  
521 Sloan Building  
Cleveland, Ohio

Gentlemen:

We are writing to ask if you are in a position to furnish high grade milk and cream during the coming summer, fall and winter? Some of our Eastern States Companies could use, in connection with their present markets, additional supplies, and if you are in a position to furnish these requirements, will you kindly let us hear from you, stating the approximate amounts you would have for sale during the remaining months in the year.

Yours very truly,

(Signed)

Eastern States Milk Producers, Inc.  
M. B. Garlock, Pres.

(111) In accordance with the brief filed by the League with Commissioner Harris, urging that eastern dairymen be given a chance to supply the New York market and that he approve of one cent a quart increase in the fall, which suggestion was approved, urged and actively supported by pledges of fulfillment at the mass meeting held in Watertown and Oneonta and approved by Commissioner Harris, the League notified its buyers in the Metropolitan district of a raise of 42¢ per hundred effective August 15. This increase was accepted by buyers, except Sheffield Farms Co., which refused to raise the price, thus forcing the League to postpone the date on which such raise should be made. Sheffield Farms Co. had urged expansion of the territory, and, by refusing to raise the price, would force the expansion, in which move that company was assisted by the Unity Dairymen's Association. Prior to the buyers' meeting with the Executive Committee of the League, Truman Cole, John Dillon and C. W. Newton, representing the Unity Dairymen's Association, appeared before the New York Milk Dealers Conference Board and stated that there should be no raise in the price of milk until October 1st, and that then milk should be bought and sold on the Unity's proposed two-price plan. Sheffield Farms Co. changed its position and

announced a raise in price effective August 22. It was reported that in some sections the farmers, delivering milk to Sheffield Farms Co., threatened open revolt.

First-hand information of how the country end of New York City milk business was carried on was gathered by Dr. Harris when he was a guest of Cortland County Farm Bureau on August 19. His first visit was to the Grade A Cortland plant of Borden equipped for tank car shipments. From here he was taken to the Sheffield plant at Homer. Next, he visited the Grade A plant of the League at Homer, where milk is bottled for the New York City baby stations operated by the Board of Health. From the plants, Dr. Harris was taken on a tour of several farms where the milk was produced, after which he expressed himself as well pleased with the conditions he had found. He was entertained at lunch at the Cortland Country Club and addressed the Cortland County Fair crowd that afternoon. In his address, he let it be known that he had no desire to extend the present New York City Milk Shed; that he was anxious that the farmers receive a fair return for the effort, the investment and the work they do to provide a high quality of milk for the metropolis. He was opposed to the present system of middlemen and believed them parasites upon the dairy industry and potential bootleggers. He would have the milk business classed as a public utility, with perhaps a half-dozen big distributors, and abolishment of the present ruinous system of duplication, both in city and country. During the fall months, the League put on an intensive campaign to increase the production; thus, lead by the League, the milk producers of the milk shed came through the short period with adequate supplies and made good its pledge to Commissioner Harris. At least the eastern dairymen's market would be safe for a time. Which was better for farmers - to have an organization to look after their business for them or let the dealers do it? The success of the movement to protect the market for

eastern dairymen was due to the desire on the part of dairymen themselves to cooperate in an emergency, once the common danger was brought to their attention. The failure of the get-together movements was due to lack of statesmanship on the part of some of the so-called leaders and refusal to carry out the definitely expressed mandate of the dairymen themselves.

During the night of March 2, 1928, the League offices were moved to 11 West 42nd St., accomplished by 40 workmen, assisted by League employees, with 6 huge motor trucks, moved more than 100 van loads of furniture, files and machinery. The move was made for increased efficiency, with better working conditions and elimination of waste of time and effort. By coincidence, at the same time, the College of Agriculture released information assembled by Professor Spencer on greater efficiency and economics with fewer milk plants, showing a map of an actual area of 25 x 35 miles, containing 1452 dairy farms served by 13 milk plants, averaging 112 patrons delivering 247 cans at an average haul of 5.1 miles and the same map with 9 non-essential plants removed and each farm routed to the most convenient plant, 1367 dairy farms served by 4 milk plants, averaging 342 patrons delivering 762 cans at an average haul of 5.6 miles, the other 85 farms being re-routed to plants outside the area. In three areas shown, 36 plants were being operated, while 14 plants properly located could take care of the milk with very little inconvenience to any dairyman. The elimination of 22 non-essential plants would increase the average volume per plant from 190 to 478 cans and increase the average haul .6 of a mile, but the total hauling cost would be less. Savings in plant operation and shipping would amount to, by conservative estimate, about 10¢ per cwt. or \$5.00 per cow per year.

The rapidity with which milk companies, engaged in both fluid and manufacturing businesses, merged into gigantic combinations and holding corporations, within a few years, was and is today, a matter of grave concern



to the League and other milk cooperatives throughout the country, but this grave danger was not realized by unorganized dairymen. The annual 1927 report of the National Dairy Products Corporation, of which Sheffield is a large unit, stated in effect that the increase in milk prices paid farmers last August was an "unfavorable factor" in the business of the National Dairy Products Corp., despite the fact that National's net profit for the year increased only \$212,843 over the \$10,255,159 of 1926.

At the annual meeting of the Association in June 1928, the following resolution was adopted.

"That we approve of the action of the Board of Directors of this Association in working diligently for one united dairymen's association in the New York Milk Shed and commend the directors for refusing to become a part of a so-called Advisory or Conference Board, the creation and operation of which would tend to perpetuate the present division among the dairy farmers in this territory."

Appropriate resolutions were adopted in reference to the death R. E. Van Cise, head of the Production Department, and the retirement of F. H. Thomson from the Auditing Committee and his absence from the annual meeting on account of failing health. He had served for many years as director, member of the executive committee and vice president of the Association. The annual report revealed that there had been an increase in membership of 2,344 during the year and 4,177 more had participated in the pool in March than the year before, that during the seven years of its existence, the Association's gross sales had been over \$433,000,000 and that \$10,077,852.48 had been refunded to the members on certificates of indebtedness. A timely change in the personnel of the administration resulted in the election of F. H. Sexauer as president and L. A. Chapin and H. N. Rathbun as members of the Executive Committee, (1928).

A general price increase, effective as of July 16, 1928, caused a demoralized condition as the result of Sheffield Farms not advancing the price in its 300 retail stores, where low-price milk was made a specialty, and featured in its advertising. This caused a recession of a cent a quart by other chain stores to the old price, after the increase had been in effect one week.

In a statement read before the American Institute of Cooperation in August, Secretary of Agriculture, Jardine, urged further centralization in co-operative marketing and stated that cooperative associations were better managed, better financed than ever before, that the larger ones had their own departments of statistical and economic research, that there was need of further cooperation between commodity groups, that cooperation in agriculture should be advanced conservatively and soundly but aggressively, that marketing was as much the business of the farmer as production, that he will continue to employ the services of private enterprise, that past experience has demonstrated that he cannot afford to leave entirely to others this important part of his farm business and that cooperative associations must be organized and directed by their members. The operation, direction or supervision of these agencies by a department of the government would destroy their cooperative character. These latter two statements were of particular significance, in view of the recent gigantic mergers of milk interests and the attempts made to place cooperative associations under federal control and regulation. The growing importance of cooperative marketing was recognized by the Institute of Politics at Williams College at Williamstown, Mass., that the government was invited to discuss the subject to the annual gathering in August. Mr. Christensen, of the Division of Cooperative Marketing, United States Department of Agriculture, stated it was the policy to encourage and support agricultural cooperation through active assistance in research and educational activities, adding that there were over

12,000 cooperative associations doing an annual business of approximately \$2,500,000,000 with a combined membership of 2,000,000 farmers.

On August 17, Dr. Shirley W. Wynne was appointed Commissioner of Health to succeed Dr. Harris who resigned to become associated with the National Dairy Products Corporation. A sharp decrease in milk production and a stimulated market demand at the end of the first week in October brought about an acute shortage in the metropolitan market. An immediate exertion was necessary to supply the market and failure to meet the unexpected situation might endanger the success of the past two years, in preventing the expansion of the Milk Shed. On December 5, Commissioner Wynne called a conference to ascertain what could be done to prevent a repetition of the November milk shortage. As a result of the discussion, a committee was to be appointed to submit a report not later than March 15. " This committee to determine whether enough milk can be produced in this Milk Shed next year to supply the market, or whether it will be necessary to bring in supplies from outside the territory." On December 20, Mr. Sexauer invited farm leaders to the League Office in a conference to discuss the situation caused by shortage of milk, out of which it was hoped might come some united and decisive action by all producers of the territory, once it was pointed out that the situation was more serious than had arisen in recent years.

The League, in continuing its policy of acquiring fluid outlets, on January 11, 1929, purchased the Model Dairy Co., a non-pool dealer, consisting of nine country plants and two thousand cans a day wholesale trade.

The committee appointed, as a result of the meeting at the League office December 20 to meet the milk shortage, after studying the effect of prices on fall production, was of the opinion that low prices in March and April invariably result in a lesser November production and that green crops available for July and August feeding would keep spring cows at higher production

and sustain it through September, October and November, which would supplement the production of fall dairies and furnish the necessary supply for the ensuing year. In February, dealers urged immediate expansion of the Milk Shed on account of a new milk shortage. Sending of New York City Board of Health inspectors westward, to place additional sources of supply under inspection, was averted only through quick work by the League. President Sexauer of the League pledged Commissioner Wynne that the city's needs could be supplied and that the League would even go so far as to furnish supplies to non-buying dealers who were short. The shortage was caused principally by a drop in production, because of poor quality of hay and dry wells, springs and streams. With the assurance on the part of the League, the Commissioner ruled that he would not authorize extension of the territory at this time. In about a week, the New York Market was easier and again the League had averted a threatened widening of the New York Milk Shed. At the next meeting of the Board of Directors, a Production Committee was appointed and immediate steps taken for an intensive drive for larger fall production.

In the spring, a special session of Congress was called for the purpose of enacting farm relief measures to restore equality to farmers and a limited revision to the tariff, both of which were of vital interest to dairymen, especially the League and eastern dairymen. The tariffs on wheat and butter were involved, as well as other related agricultural products, in regard to which the farmers were striving for better protection and, in so doing, found many formidable interests opposing them.

At the annual meeting held at Syracuse in June 1929, the keynote was the milk supply, with Governor Roosevelt pledging cooperation and Commissioner Wynne saying there would be no widening of the milk shed so long as the dairymen of the territory continue to furnish the city an adequate and clean milk supply

at fair prices. President Sexauer, in his first annual report, pointed to increased membership activity and cooperation in evidence everywhere as the biggest achievement of the year, with the highest average price, largest gross sales and membership growth as concrete evidence of progress. The increased interest of women in the organization was evidenced by the presence of a thousand farm women. Reports showed that the gross sales for the fiscal year were \$85,648,162.34; that 2,484,941,759 lbs. of milk had been handled by the Association through its own and dealers' plants, an increase of 65 million over the previous year; that the average net pool price was \$2.5936 per cwt., average deductions for capital purposes was \$.1163 and, that the total participating membership (members who have pooled their milk at any and all times during the 12 months) was 43,067 or 2,045 more than the previous year. At the first meeting of the new Board of Directors, all the officers and members of the Executive Committee were re-elected.

The "Agricultural Marketing Act" was the title given to the farm relief legislation to be administered by a Federal Farm Board of eight members with the Secretary of Agriculture a member ex-officio. The Board itself was not to engage in marketing, but the actual marketing was to be done through Stabilization Corporations in the formation of which the Farm Board invited commodity cooperatives to establish an Advisory Commodity Committee; in general, there was to be a separate advisory commodity committee and a separate stabilization corporation for every crop to be handled, all of which was involved in considerable detail and, at least as far as milk cooperatives were concerned, it did not hold out much hope and contained possibilities of entangling alliances.

A matter of much historical interest to all dairymen was the dedication of a boulder monument on August 17, 1929, on the historic Gerrit Smith Miller farm at Peterboro, Madison Co., N. Y., in commemoration of the founding of the

Holstein breed in America by the importation of three Holstein cows by Mr. Miller in 1869.

The achievements of the organized dairymen of the State were brought vividly into the limelight in addresses of Arthur M. Hyde, United States Secretary of Agriculture, and Governor Franklin D. Roosevelt at the annual dinner to the State's agricultural leaders given by Jerome D. Barnum, publisher of the Post-Standard of Syracuse, on Wednesday of the State Fair week.

In December, all danger of short milk supply had passed and again the value of organization had been demonstrated. On the 18th the League acquired all the assets, liabilities, machinery, equipment, and leases, together with about 600 cans of trade of the Delancy Milk and Cream Company of Brooklyn.

While the League's principal activities had been centered on New York City and adjacent markets, it had been proportionately active in its development in upstate markets, and on January 10, 1930, took over the entire business of the Onondaga Milk Producers Association, Inc. of Syracuse on lease, subject to approval of the Board of Directors of the League to purchase the same at approximately \$500,000. The properties consisted of a large city distributing plant, seven country plants, forty-seven retail routes serving 18,000 customers, with the necessary equipment of horses, wagons, trucks, etc. and storage for the same.

Surplus supplies of independent farmers in the hands of independent dealers in January was dumped on the New York market at any price obtainable, demoralizing price structure. Condensing plants throughout the country were closing or had closed, a reminder of October 1, 1920. The League purchased the condenseries of the Mohawk Condensed Milk Co. at Clymer and Sherman to provide an outlet for members' milk, as the company had decided to close the plants on February 1st.

On January 30th, the Governor's Agricultural Advisory Commission requested the Governor to call a meeting of mayors and health officials of the cities of the State to consider regulations governing production and sale of milk and cream as a matter of health protection. Need for safe milk and cream supplies from inspected sources, and elimination of unfair competition against New York State dairymen, was brought to the attention of public health officials and mayors of the State by Governor Roosevelt in a conference at Albany on March 11th. Data was presented showing the vast amount of milk and cream brought into the State from other states, particularly western cream, without practically any inspection, and that the present New York Milk Shed is able to supply the State with milk and cream for a generation and has nowhere near reached its maximum of production. The following resolution was passed by the conference: No milk or cream shall be brought into the State of New York, except from sources of supply inspected and approved by the New York State Health Department, and unless the quality of the milk and cream conforms in all respects to the standards laid down by the state sanitary code. The Governor referred it to the Public Health Council, which draws up-state health rules, where it was presented the following day. That body sent a request to the Governor for an appropriation with which to carry on a survey and investigation of conditions preparatory to drafting the necessary rules.

Mergers were still the order of the day, as evidenced by a deal whereby the Kraft-Phoenix Cheese Corporation, which owned the Southern Dairies Corporation, was acquired by the National Dairy Products Corporation, of which Sheffield is a subsidiary, forming a \$240,000,000 consolidation.

On April 1, 1930, the League acquired and took possession of the Peak Products Co., consisting of 11 country plants in western New York, equipped

for pasteurizing, shipping and manufacturing, and a 300 can a day contract for a year. On April 5, the League took over the Harry Sacks Dairy Co., Inc., of Brooklyn, up to that time a non-pool buyer, providing an additional outlet for 1,000 cans of League milk and 17 cans of cream per day.

The League directors, on April 23, authorized the incorporation of the Dairy League Cooperative Corporation, a holding corporation, under the provisions of an Act passed by the last session of the New York State Legislature amending the cooperative agency corporations. This law provides that such a corporation may issue common and preferred stock. All common stock must be owned by one or more Cooperative corporations. Preferred stock may be sold to any person, firm or corporation. Such corporation shall be managed by a board of directors, who must be members of the cooperative corporations which own the common stock. Cooperative associations owning stock may vote such stock at corporate meetings. Such a corporation has broad powers and operating privileges. Some of the advantages to be gained by the move to broaden the financial structure are: that it makes possible the use of outside capital to finance a cooperative association, without placing undue burden upon the membership and without surrendering control; that, where additional capital is required for expansion, such capital can be provided without unduly increasing deductions for certificates of indebtedness; that the short term rotation basis of capitalization can be replaced, at least in part, by long-term basis of capitalization; that the membership may exchange certificates of indebtedness for the preferred stock and, that it places the association on equal footing and competitive parity with other industries. In connection with this new financial plan, the League secured a \$4,000,000 credit from the Federal Farm Board for extension of marketing facilities only, which was the first definite step by the Federal Farm Board to assist organized dairy marketing of the east,



under the provisions of the Agricultural Marketing Act.

The annual meeting was held at Albany on June 19, 1930, which was attended by some 3,000 farm men and women, to hear the reports of the officers and transact the business of the Associations. The reports disclosed the outstanding achievements of the year were the protection of markets, not only for the membership but for all dairymen of the milk shed, and the growth of the Association's distribution facilities and activities. The Association closed its fiscal year on March 31 with a membership of 40,283, an increase of 2,784 for the year; it handled 2,623,685,303 lbs. of milk, an increase of nearly 138,000,000 lbs. and did a business amounting to \$89,118,899.93, an increase of nearly \$3,500,000. The seven so-called upstate markets, Albany, Binghamton, Buffalo, Elmira, Rochester, Scranton and Utica, absorbed 379,989,243 lbs. of milk which were sold for \$12,257,217. In addition to the total amount of over eighty-nine million dollars, the Association's subsidiaries did a resale business of \$3,191,564.23. This would have been a fine showing in normal or prosperous times, but was remarkable, considering the demoralized conditions in the milk products market and the general business depression.

At the first meeting of the new board of directors, all officers were re-elected.

That the Home Department of the League is playing an even increasing and important part in the development of the Association was demonstrated at its annual meeting in Albany on June 18, which was attended by 1000 League women and 500 men to hear the reports of associate delegates from 22 districts. This work has been carried on under the very able direction of Miss Vera McCrea, of the Home and Health Education Department, who is fast becoming an outstanding leader of the younger women of the day. The real subject of agricultural cooperation is "better farming, better business and better living." This Home Department, the

only organization of its kind, has assumed and is carrying out what is essential to attaining this end.

In July, drought conditions, that prevailed through the eastern section of the country, were fast becoming acute and, by early August, threatened the milk supply of the New York Milk Shed; accordingly, the League took the initiative in advancing the prices to meet increased costs of production and check shrinking production, whereupon the District Attorney of Brooklyn immediately started investigation, close pursued by the Attorney General with the yellow and sensational newspapers demanding cheap milk and attacking the League. The investigation of the Attorney General took a sudden turn, following some illuminating testimony by President Sexauer, whereupon the Attorney General approved the price raise to farmers. At one of the hearings, the President of Sheffield Farms Co. testified under oath that the reason why its farmers demanded a raise in price was because the Dairymen's League members had obtained a price raise.

That life in League territory was not monotonous and was afforded variety was evidenced in October 1930 when, within a month or six weeks after drought and near shortage of milk, surplus from unorganized sources threatened demoralization of markets. A so-called New York State Farm and Livestock Association made its appearance, as representatives commenced activities in Oswego and northern counties for the purpose of extracting from farmers a ten-dollar membership fee in return for big promises; one promise being to get one-half the retail price of milk for Northern New York farmers. The same canvassers two years before claimed credit for the Kirkland law making glowing promises to increase T.B. indemnity. A 36-hour snowstorm swept over western and northern New York on October 20 and 21. Traffic was paralyzed for 48 hours. Food, water and milk famine threatened the City of Buffalo. The League with its supplies and reserves, came to the rescue, while, in Northern New York, the

storm seemed to center about Theresa, with heavy wet snow  $2\frac{1}{2}$  feet deep, where just one week earlier the temperature registered 110 degrees in the sun, according to reliable witnesses. Practically no milk was delivered at the Theresa Plant of the League Sunday and 300 tourists were marooned. There was very little snow at Watertown and none at Alexandria Bay and Ogdensburg.

At the annual meeting of the National Cooperative Milk Producers' Federation in November, in an exceptionally well prepared address, Arthur W. Milburn, president of the Borden Company, declared "We believe that the interests of the company and the industry will best be served by honestly, sincerely and wholeheartedly working with cooperatives." Thomas H. McInnerney, in expressing his views on "The Relationship of the National Dairy Products Corporation to Dairy Cooperatives", was of the opinion that Cooperative organizations of farmers for bargaining purposes were sound, but attempts by dairy cooperatives to manufacture and distribute were unsound. Mr. McInnerney declared that the "National Dairy Products Corporation desires to cooperate in every legitimate way with farmers in stabilizing the market, and to cooperate with the producers in increasing the per capita consumption of milk. I have come here because our corporation is interested in and is ready to cooperate with producers in stabilizing the dairy industry, so that those engaged in it may receive a fair return on their investment and a reasonable return for their labor. I urge that we work together continuously to solve these problems, so that the results may be to the benefit of the whole dairy industry." (These two addresses in their complete presentation are to be found in Vol. 14, Nos. 41 and 42 of the Dairymen's League News.)

At the end of the first week of December 1930, the flood of independent unorganized milk broke the market, forcing a reduction of 47¢ per cwt. in Class 1. December returned 60¢ less than the previous December. While for a

year or more milk prices had been slipping, now they were definitely on their downward spiral of the depression. On January 1, 1931, the Janssen Dairy Corporation, a unit of the United States Dairy Products Corporation, quit buying from the League to get a cheaper supply elsewhere. The patrons of 10 plants were cared for by the Association. Janssen Dairy had been a pool buyer but, in August, became a subsidiary of one of the large mergers. This action on the part of Janssen Dairy was a clear demonstration; that ownership of plants by farmers through a united dairymen's association is the only sure means of having a market every day in the year and year after year; that a true, guaranteed and insured price can only be secured through a united dairymen's association; that locally owned plants only afford a place to deliver milk and do not guarantee a market at all times nor payment for milk delivered; that a binding contract of the producer, individually and collectively, with other like contracts of producers forming an association, gives the individual producer the greatest possible protection; that locally owned plants, similarly bound by equitable contracts in an association, can be afforded security and protection; and that mergers of buyers, covering in whole or in part separate production areas, are a menace to all dairymen, which menace can only be successfully combated by mergers of dairy cooperatives. At the same time that League patrons of Janssen Dairy were being taken care of, another striking example of League protection to its members was taking place, when a local up-state bank was closed by examiners. About 275 Christmas checks, payable to members in that vicinity, had been made out and were in mail bags at the office ready for mailing on December 20. The League's check for nearly \$28,000 had been mailed to that bank to cover the milk checks. Notice of the closing of the bank was received at the League office just in time to stop payment on the check sent to the bank, which was done and the check returned. At the same time, the checks, all ready to

mail, were cancelled and new checks drawn on another bank and mailed on December 20, with all other November milk checks. Had the League been too late to recover the check and had lost the \$28,000. through the bank failure, those 275 members would have received pay for their milk just the same and the 43,000 members would have contributed less than  $1\frac{1}{2}\%$  per hundred to make it up. However, to meet such contingencies, there is an insurance fund maintained by a deduction of  $\frac{1}{2}\%$  per hundred. By midnight of December 31, the League had purchased 9 of the Janssen plants and taken possession.

On March 24, 1931, the League acquired the Tietjen and Steffin business, consisting of 715 cans of milk a day and 15 cans of cream, all wholesale in upper Manhattan and the Bronx, 10,000 cans, lease of a depot and 20 motor trucks. On April 1, the League purchased the Beakes Riverdale business, also in upper Manhattan and the Bronx, consisting of 300 to 400 cans daily average for the year and ordinary depot equipment. These two purchases were in the same general section of the city not heretofore served by the League. Also, on the same date, the Sherebrook Farms became part of the League's distribution business, adding 265 cans outlet for milk and 15 cans of cream, wholesale bulk and bottle trade located around West 29th St., including five motor trucks, bottles, cases and other equipment.

F. H. Thomson, pioneer in the cooperative marketing of milk, former vice-president and member of the executive committee of the Dairymen's League, Inc., also a director and member of the executive committee of the Dairymen's League Cooperative Association, Inc. until December 1920, when he requested to be relieved of active service, died at his home near Holland Patent, N.Y. on March 30, at the age of 79 years; a Christian gentleman, statesman and a man among men.

On June 1, 1931, Hawk and Schmidt of East 135 St. was purchased and taken

over by the League. The business consisted of 650 cans of milk a day and 10 cans of cream, all bulk wholesale business. The purchase included the distributing plant, trucks, bottle, cases and cans; also, three country plants. On the same day, the business of Mullen and Myer of W. 142 St. was purchased by the League. The purchase included 250 cans of milk and a few cans of cream, all bulk wholesale trade; also, two country plants.

The annual meeting was held at Utica on June 1931, attended by about 3,500 men and women, the largest in League history. President Sexauer reviewed the year's progress and activities, the more important of which were the marked expansion of fluid outlets, substantial savings made and economies instituted in operations and management and large increase in volume of milk handled. The Association, during the fiscal year ending March 31, handled 2,793,866,306 lbs. of milk, an increase of 6% over the preceding year, over 2% more was used in Classes 1 and 2; the actual participating membership increased from 45,199 to 47,790 and the League News reached 57,000 homes every week; in terms of milk, the upstate sales increased from 379,989,243 lbs., to 467,005,374 lbs., the fluid sales, outside of the New York Metropolitan area, was 21.6% of the fluid milk business, and sold to 307 distributors in 107 markets; at the end of ten years of operations the Association owned and operated 239 plants, which received one and a quarter billion pounds of milk from the members; in the operation of the country plants alone, there was a reduction in cost of almost \$433,000. This department handled 22% more milk with 12 less men than the year before; the total volume of sales was \$80,165,183.60; and the milk finally handled and sold as surplus products by the Association increased from 65,840,250 lbs. to 246,703,722 lbs., almost 400%. Those dairymen of the milk shed, who were not members of the Association, might do well to soberly consider what the situation would have been if there had been no organization to carry such a burden. In general, the year was

characterized by insidious, villainous and abusive attacks against the Association and individuals along the lines of racketeering; newspapers; complaints filed with Federal and State authorities, including the Federal Trade Commission, resulting in investigations by the Attorney General of the State and county district attorneys; actions brought in New York Supreme Court and United States District Court, complaint filed by the Federal Farm Board; and application of political pressure.

On July 1, 1931, Sheffield Farms Co., reduced the retail price of cream twenty-five per cent and started agitation through the newspapers for a reduction in price of milk, in the face of decreased production of milk and a good demand for cream, with no public protest against cream and milk prices. Immediately upon its announcement, Sheffield launched an energetic campaign to solicit the business of other companies, using its cut price as an attraction. It was difficult to reconcile this action with the address of Mr. McInnerney, president of the National Dairy Products Corporation, before the National Cooperative Milk Producers Federation in the fall before.

The merger of the Fort Plain Milk Company, an old Mohawk Valley Cooperative, with the League in July, was primarily brought about by the depression and the constantly narrowing of fluid outlets available to locally owned cooperatives and the League policy under the leadership of Mr. Sexauer. At about the same time, the Manheim Dairy Company, a farmers' cooperative near Little Falls, experiencing financial difficulties caused by internal dissensions, and the Callicoon Cooperative became a part of League operations.

By the first of September, the consumption of milk and cream in the metropolitan and other markets was at low ebb. New York was consuming 65,000 cans less per week than the year before and production was running about 27 lbs. per dairy per day more. The League's total daily production was 17,500 cans above the year before; altogether, a serious problem for dairymen of the

milk shed.

Following the publication in a New York paper of articles claiming evidence of contamination and adulteration of dipped or so-called loose milk, Commissioner Wynne appointed a commission to investigate the loose milk situation in New York, to which were also added Mr. Sexauer and Henry C. Beakes of the Beakes Dairy Co., a distributing unit of the League. The Wholesale Milk Dealers' Association retained Samuel Untermyer, a well known attorney, who was quoted through newspapers, that the Sheffield and Borden Companies and the Dairymen's League were attempting to "put over" on the public a "long-cherished" monopoly in the sale of milk.

The League, in accordance with its program for efficiency, by November 1st had closed about fifty plants where it was found that they were uneconomical and a drag on the Association because of the small volume of milk going through them and the milk could be placed in other plants and work further economies by increased volume. A survey, covering 18,000 producers delivering to League plants during the six summer months, showed that about four million pounds had been rejected, principally on account of dirty utensils or improper cooling, which represented a loss of nearly \$63,000. Using this proportion, it was estimated that the membership was sustaining a loss of over \$160,000 that could be avoided by proper care of milk on the farm. Unorganized milk flood broke the market and caused a drop of 37¢ per hundred on Class 1 on November 1st. The market was in the most demoralized condition it had been in about ten years. A cut of 10% in all salaries of League officers and employees was made effective January 1, 1932, following the break in milk prices. After months of negotiation with leaders of the labor organization, the wage scale contract of the Milk Wagon Drivers' Union to which 300 workers in the League's New York plants belong having expired on October 31, a satisfactory settlement



was reached early in the morning of November 14 averting a threatened strike. The League held firmly that there must be a readjustment of costs effective not later than January 1 and that the whole burden could not be carried by the farmers in its move to lessen the spread between the producers and consumers.

For the first time in the history of cooperative marketing, the Association made available another service to its members in that they could use Intermediate Credit Bank funds with League stock or certificates as security.

Announcement by the Board of Health of its intention of banning the sale of loose milk on January 1, 1933 caused a scramble for wholesale bottle trade which broke the price two to three cents a quart, whereupon Sheffield lowered the retail delivered price 2¢ a quart. A ruthless price war had already broken out in Buffalo. This flood of unorganized milk that broke the market a month before was now costing dairymen about \$2,000,000 a month.

Again it was Northern New York dairymen who initiated activity by calling a mass meeting at Watertown January 8, 1932 to consider the dairy problem. The meeting was attended by 2,500 at which it was "resolved ; that this committee be and is hereby appointed as a Jefferson County Dairy Committee to act with other committees of similar character, should they be formed, in order to unite the thinking and acting of dairymen in the territory behind any constructive program for the betterment of the dairy industry."

Announcements of December returns for milk caused indignation and resentment among dairymen who, in throngs, packed mass meetings throughout the Milk Shed. At Batavia, a signed confession was read before a meeting of 1,000 farmers that a milk dealer in Buffalo dropped the retail price 2¢ against the advice of every other dealer. At Oxford, 400 farmers heard an affidavit read, quoting a milk dealer admitting that he was in the Atlantic City group

organizing a movement for milk price reductions; that the group believed that milk prices should be on a butter and cheese basis and that the work of farmers' organizations should be entirely "social" and should keep "farmers happy and contented." Such organizations were going too far when they endeavored to maintain prices at high levels.

On January 16, 1932, the League took over the plants of the Fort Schuyler Farms, located at Middleville and Gravesville, and the Valley View Dairy in Herkimer County.

Within a week or two following the mass meeting at Watertown on January 8, there was evolved the Rutland Plan by a group of farmers near Watertown, which was another sporadic action lacking in fundamental essentials and a constructive program. It made rapid progress in Jefferson County, but was received with considerably less enthusiasm in Lewis and St. Lawrence counties, and fell short of accomplishing desired results in other counties where attempts were made to promote the plan. The plan served to complicate matters rather than assist in any united movement and served somewhat as a rallying nucleus for opposition.

Suggestions and recommendations, made by various dairymen's county committees, which were held throughout the territory, following the Watertown meeting, had been received by the Dairymen's League for a plan to correct the chaotic conditions of the dairy industry in the Milk Shed. The conclusions drawn from the studies made by these county committees were almost unanimous that solution of the dairy problems would be the uniting of the vast majority of producers in one united and efficient marketing organization. These committees asked the Dairymen's League to offer a plan, whereby producers could be brought together. In response to this request, the Dairymen's League offered the following and became known as the Provisional Contract Plan:

Beginning March 20, the League offered to accept membership contracts from dairy farmers to be held in escrow until 70% of the producers of certain groups had signed. When 70% of the designated groups had signed, the League would put the contracts into effect and the signers would become members; no change to take effect until and unless the 70% was realized. This plan would provide unorganized dairymen an opportunity to demonstrate whether they were ready and willing and desirous of acting together in one united marketing agency.

On March 6, 7, and 8, 1932, the worst blizzard in years swept across New York State, blocking traffic and milk transportation in many sections. Rochester was most seriously affected in that the local supply was almost entirely shut off. The League made arrangements to ship milk in by train and in this supplied hospitals, babies and other pressing needs. Similar conditions existed in Buffalo, Syracuse and Utica. This was a demonstration of the value of an organization of sufficient size to meet such emergencies particularly to city residents.

Delegates from nearly every dairy county in the Milk Shed met in Syracuse on March 15. This meeting favored "one cooperative marketing organization in the New York Milk Shed" and recommended that producers consider the Dairymen's League Cooperative Association, Inc." as the one cooperative marketing organization". The delegates were men chosen by the various county committees, formed following the Watertown meeting in January. The following resolutions were passed by the meeting:

No. 1. Resolved, that this body go on record as favoring one cooperative marketing organization in the New York Milk Shed.

No. 2. That we recommend the following six fundamentals for one marketing organization;

- I. Properly organized with contract.
- II. With membership available only to actual producers operating in the territory commonly known as the New York Milk Shed.
- III. Employing a classified price plan for a sale of milk and its products.
- IV. Equalized payment plan subject to grade and differentials.
- V. Comprehensive financing plan, just and equitable to all members.
- VI. Ability to control surplus at its source, by either association owned or contract dealer plants.

No. 3. That we ask the dairymen of the New York Milk Shed, in view of the standards set up and accepted as to qualifications of one milk marketing organization, if the Dairymen's League Cooperative Association, Inc., as now constituted, meets the above requirements, to consider such organization as the one cooperative marketing organization before spending time and money in forming another one. Each resolution was passed unanimously and, in so doing, adopted a plan, practically the plan evolved by E. B. Johnson, the fundamental principles of which were approved at a mass delegate meeting in Utica in March 1926. The meeting created an Emergency Committee which became known as the Committee of Eight.

The first work of the Emergency Committee was to acquaint the various county committees of the action taken at the Syracuse meeting by sending them copies of minutes of the meeting and copies of the resolutions passed. The second step was to call a series of regional meetings, for the purpose of explaining the action taken at the Syracuse meeting and the plan resulting therefrom. The third step was for the county committees to carry the results of these meetings back to the individual dairymen. The Emergency Committee appointed an executive committee of three to actively carry on the campaign. As the campaign got under way, the Sheffield Farms openly resisted the movement.

and rejected the milk of its patrons, who actively engaged in promotion of the plan, without taking the matter up with the Sheffield Producers' Association.

The League, on April 2, took over the business of Nicosia Bros., Wholesale distributors of independent, handling about 525 cans of bulk and bottled milk, and two weeks later acquired the Reliable Milk and Cream Company in upper New York consisting of 230 cans of milk and 7 cans of cream daily.

As production increased in the late spring, uncontrolled milk from independent sources was dumped on the market at any price above butter value, regardless of requirements, forcing prices down to a point that bootleg milk, until some licenses were revoked and the Board of Health stationed nearly two hundred inspectors at entrances into the city before bootlegging was stopped. An increase of 22,000 cans per day in 8 days was easily handled by the League, a striking demonstration of its facilities.

The progress of the Emergency Committee campaign had met increasing opposition in the form of organized activities on the part of some dealers and, at the same time, getting results. The cruelly low prices were creating increased interest in the movement on the part of dairymen and also some dealers. Following mass meetings and signing of contracts among patrons of Janssen and Chardavoyne Units of United States Dairy Corporation, these two buyers announced that they would purchase their entire supplies from the League on June 1 amounting to 2400 cans of Class 1. The Provisional Contract plan was endorsed by the Grange Farm Bureau Federation and practically all other farm organizations and farm agencies of the State.

The Annual Meeting was held at Syracuse, June 16, with an attendance of 3000 League men and women. The outstanding features of the activities of the past year were shown to be increased efficiency and increased marketing strength and backed up confidence which was reflected in the harmony and enthusiasm

in evidence at the annual gathering. Reports revealed that the volume of pooled milk handled was 3,124,116,430 pounds, an increase of 330,250,104 over the previous year, the gross sales of which came to \$70,156,911.17; that the membership increased from 47,790 to 52,117 and local organizations increased from 803 to 825; that certificates of indebtedness, amounting to \$2,715,357. had been paid prior to maturity; that the total number of plants had been reduced from 241 to 217 with a volume per plant increase of 25%, resulting in a saving in handling cost of \$696,596.89; that 386 dealers in 170 markets outside the metropolitan area had purchased milk, as compared with 306 dealers in 103 markets the year before and that nearly 50% of the total milk handled was through the Association's own plants. In another move to promote efficiency, the League, on August first, put into effect a plan providing for volume differentials to be paid direct to patrons of plants meeting certain volume requirements. This change involved the closing of many non-essential plants and a general rearrangement of trucking routes in many sections, which resulted in larger volume in fewer plants, reduction in trucking and plant handling costs, as well as transportation costs.

The New York State's Joint Legislative Committee to Investigate the Milk Industry, with Senator Pitcher as Chairman, and known as the Pitcher Committee, started hearings in New York on July 13, 1932, at which time Mr. Sexauer read a statement answering questions asked by the Committee in advance and making a sweeping presentation of conditions in the dairy industry with definite recommendations for bringing about improvement. With returns for June milk the lowest in a great many years and the campaign of the Emergency Committee in its final drive to afford every dairyman an opportunity to sign a provisional contract, that the industry might be stabilized and farmers receive a higher price for milk through a united cooperative association, the Pitcher

Committee hearings attracted unusual interest and attention and afforded opportunity for enemies of cooperative marketing of milk to publicly air their grievances and make false, malicious and unsupported statements. As a result of statements of a member of the New York State Senate before the Investigating Committee, alleging corruption in the management of the affairs of the League, the Association announced before the Investigating Committee that it might bring suit against the senator from Buffalo for maliciously and knowingly spreading false statements about the finances, management or activities of a cooperative association. Later in the day, he asked that it be written into the record that his statements were mere hearsay.

The Emergency Campaign closed on August 20 and soon it was announced that the required number of contracts had not been signed to put the plan, adopted at the Syracuse meeting in March, into effect. Opposition to the plan was continued up to the end; newspaper advertising, radio speeches and other mediums were used to block the progress. An army of men was reported riding the roads in every part of the milk shed, visiting farmers and spreading false information, propaganda and intimidating producers. Dealers made a bitter fight the last week to prevent dairymen from signing the contract, which would have brought them an increase in prices of 40 to 50 cents per hundred almost immediately. Again for the third time, the demand of the dairymen for one united dairymen's marketing organization, based on the same fundamental principles, had failed. The Emergency Committee made its report to a second territory-wide delegate meeting in Syracuse, September 2, which was attended by 216 accredited delegates among the 1500 dairymen present. After hearing the report, the delegates voted to continue the effort for unity by continuance of the Emergency Committee and passed resolutions to that effect; reaffirmed the essential principles of the March 15 meeting; requested the

Planning Committee to confer with the League to work out a new provisional contract and carry the same back to the farmers for acceptance or rejection. At this meeting, Mr. Sexauer announced that the League would move to raise the wholesale price, the success of which would depend upon the distributors and that, on September 20, the League would take the lead to stabilize the metropolitan wholesale market, leaving it to distributors and producers supplying independent buyers to follow. This lead on the part of the League was followed by the constructive forces, but price cutting continued in some sections and raids were made upon the businesses of dealers attempting to put the increase in effect. The Emergency Committee had been watching the market closely, but price cutting continued and even threats of strike by producers, supplying price cutting dealers, failed to remedy the situation. However, most dealers supported the League's move to stabilize the wholesale market. Within a month, a milk price war broke out despite the pledges to farmers. By November 1, market conditions were going from bad to worse and, even with demand equal to the supply, by early December another drop in price was forced. There was apparently nothing the producers and the dealers could do. Consumption was rapidly falling off, the people could not buy; the trouble was with our money. We had hit the bottom of the depression. There was not enough money to go around and meet expenses. The price level must be raised to debt level or debt level lowered to price level.

The Joint Legislative Milk Investigating Committee concluded its hearings in New York on January 11, 1933, having gathered a vast amount of evidence and data, which had to be digested and gotten into shape for its report to be presented to the Legislature, already in session, as a basis for the inevitable milk legislation. The farmers were demanding reduction in freight rates. The railroads instigated a plot to tax motor trucks out of



existence; trucks being the only hope of producers to escape the extortion by railroads in the transportation of agricultural products to market. Since 1917, milk prices had declined 50% and freight rates on milk had increased 50%.

The Pitcher Milk Control Bill, the result of the joint Legislative Investigation, was introduced February 15, providing for State milk control and price fixing. A hearing on the bill March 14 brought to Albany a thousand dairy farmers, mostly from Northern New York by special train, whose speeches were, for the most part, complaints of conditions and demands that something be done - government action - price fixing by the government. Mr. Sexauer, representing the League, by a clear analysis of the bill, stated that it would not eliminate price cutting, made no provision for care of surplus by equalization; in fact, would destroy the Dairymen's League, and that, if nothing could be done to assist producers' organizations, at least nothing should be done to make it more difficult for them to solve their problems. In all, there were as many who favored the bill as there were against it. After a couple of weeks, with changes and amendments and more changes and amendments, it emerged as a Milk Control Board of three; viz. Commissioner of Agriculture, Commissioner of Health and Director by appointment. While the law was not all that could be desired, it was a present help in time of dire need.

The Milk Control Board acted promptly to stabilize the fluid markets by fixing retail and wholesale prices in New York and other cities of the state. As to be expected, there was dissatisfaction on the part of some producers, as well as independent dealers, probably having been misled as to some provisions of the law. The provision for sale of unadvertised brands caused no end of trouble and misunderstanding and, in the end, served to

defeat the very purpose of the law; in fact it was legalized price cutting. Almost immediately, certain producers were demanding that the Control Board set the price to be paid producers. The first hearing for producers was held in Albany on April 26, which proved to be somewhat turbulent and anything but orderly. For the most part, the producers attending were impatient and unreasonable and heatedly demanded the Board immediately set a price  $3\frac{1}{2}$  cents per quart of 3% milk to producers and no one was allowed to express an opinion against such minimum price. Many, who were permitted the floor, claimed to represent various groups of dairymen. Effective May 15, the Control Board issued an order fixing prices to be paid producers or producers' organizations, by dealers for milk in various classifications. This order required every dealer who did not buy his supply from a pooling association to operate a pool for each of his plants, except in case where a dealer operated two or more plants, they could be operated in one pool by permission from the Control Board. Operating the classified price plan on this basis did not assure equal distribution of the burden of surplus. It did not recognize that equalization is an essential and necessary part of the classified price plan. This order opened the way for flagrant fraud, deception, and aggravation of the disparity of prices received by producers, already a cause of ill feeling and growing unrest. The Pitcher Committee report first had to do with the immediate emergency which resulted in the temporary legislation, establishing price fixing and setting up the Milk Control Board; second, a clear and concise statement relative to the economics, trade practices and other involved questions of the industry, together with definite recommendations for permanent improvement and general welfare of the industry based on accepted fundamental principles of cooperation. In the report, the Milk

Control Board was also to foster and promote more complete organization of producers, leading to a permanent program, suggested in part as follows:

"1-Universal application of the classified price plan and control of surplus milk by producers, through effective cooperative organizations appears to offer the best prospect for permanent stabilization of the dairy industry in the New York Milk Shed. "2-Definite action should be taken without delay -- to initiate and perfect a plan and recommend remedial legislation by which a more perfect union of all milk producers both within the state and within the milk shed, may be attained, and by which the states of New York, Pennsylvania, Maryland, Massachusetts, Vermont and Connecticut, or any two or more of them, constituting what is commonly known as the New York milk shed, may cooperate and to that end coordinate their laws and rules and regulations adopted thereunder, so as to effect a fair, just, equitable and legal relation between the producer, distributor and consumers of milk and milk products ... " The emergency program was carried out - at best a haywire repair of a broken down antiquated piece of machinery.

Early in April, when milk legislation was pending at Albany a disturbance took place in the Rochester market area, somewhat in the nature of a strike. It was the first of its kind. Many farmers, who had withdrawn from the League in February for the purpose of finding another market for their milk and not being successful, joined other non-cooperative producers in a strike to regain the market voluntarily given up, attempted to shut off League milk from dealers and force them to take the milk of the strikers, in which move they were unsuccessful. The attack was directed solely at the League and violence used to prevent League milk entering the city. No sooner had the State Troopers departed from the area than the warfare was resumed, for the purpose of intimidating the Legislature. Again troopers were rushed to the

area from all parts of the state, when it became known that strike activities, which had terrorized the countryside about Rochester, were being renewed with lawless mob violence. The second outbreak lasted only one day. The hostilities were instigated and conducted by the Genesee County Milk Producers' Association and affiliated groups. The Grand Jury's report of its investigation stated-'It is very apparent to this jury that certain persons have been attempting to capitalize this situation for their own selfish purposes. Unfortunately, the real instigators of the disturbance have apparently succeeded in protecting themselves behind the misguided and ill-advised local participants.'

The first federal legislation of the new administration in Washington, affecting agriculture, was the Farm Act to relieve the existing national economic emergency by increasing agricultural purchasing power. It had three sections; first, production control and benefit payments; second, agriculture credits; third, national financial and currency measure. Production control, referred to generally as the Farm Act, provided three means of adjusting farm production at the discretion of the Secretary of Agriculture; viz. acreage reduction with rental and benefit payments to farmers, the payments of allotment benefits on domestic portion of crop and marketing agreements with handlers of farm commodities to increase prices to growers. The basic commodities specified were wheat, cotton, corn, rice, tobacco, hogs and milk and its products, the latter of which was of major importance to New York State farmers. This act became known as the Agricultural Adjustment Administration in the Dept. of Agriculture, generally known as the AAA with a Dairy Section. In an effort to find some solution to the troubles of milk marketing, marketing agreements appeared to be best adapted to the fluid milk problem. The enactment of the Milk Control in New York State was closely followed by similar enactments in many states and, of particular interest, were those of New Jersey and Penna.,

which served to complicate matters, as the New York milk shed had several price fixing agencies, each acting individually and without authority over interstate shipments of milk, which comprised the greater part of the fluid milk production of the New York milk shed.

The annual meeting of the League was held at Syracuse June 15, with an attendance of 3000. The key note was optimism, after a year of adversity as a result of the worst depression the country had ever experienced and which at the moment was at its lowest point. Reports revealed that the membership was 50,939 a decrease of 1,178 from the previous year; that the gross sales had dropped from \$70,156,911.17 to \$55,140,146.78, a decrease in one year of \$15,016,764.39 or 21.4% while the decrease paid to members was \$14,435,008.15; the difference, \$581,756.24, represented increased efficiency - decided benefit to members on substantially the same volume of milk; that the number of country plants operated was reduced from 227 to 188; that upstate dealers increased from 386 to 432 and that the dealers' spread had been reduced. The League, almost single handed, had killed the anti-trucking legislation and had secured a reduction in railroad milk freight rates. Attention was called to a very serious situation, in that low prices of farm products, the millions of unemployed, and the staggering load of public and private indebtedness had caused widespread discontent; that professional agitators, who had engineered trouble in labor circles and industry generally, were at work among farmers, obtaining services of local farmers, who are leaders of forces of discontent, and using them as tools of a widespread communistic movement; that, in several sections of the country, advocates of violence had already obstructed and retarded the work of farmers' cooperative marketing associations by fomenting farm holidays, farm strikes and milk strikes, resulting in violence and bloodshed and had even resisted the due processes of law by attempts to prevent

officers of the law from performing their sworn duties.

To add to the troubles of the already sorely tried and over-burdened farmer, a drought, which began early in June, continued on through the summer, taking a heavy toll from dairy farmers in nearly all sections of the milk shed. Lack of rain and continuous hot, dry weather burned off the pastures and dried up many water supplies, besides damaging the hay crop and curtailing grain yields. This condition forestalled any action on the part of milk control boards which they might have had in mind for attempting production control. About March 1, all banks in New York State were closed by proclamation of Governor Lehman; also, banks in other states closed and as soon as President Roosevelt had been inaugurated, he declared a nationwide bank holiday, which lasted for ten days. Banks were allowed to reopen as fast as examiners passed on their sound financial condition; a great many did not reopen for months and some remained closed. The Committee for the Nation, of which President Sexauer was a member, made a study of the frozen bank deposits in closed banks, where hundreds of thousands of people had their money tied up, among whom were many League members. There were about three billion dollars in restricted banks and five billion in closed banks. As many of these banks were country banks, farmers felt the full effect of the vicious deflation, resulting from this vast curtailment of purchasing power. Under the National Recovery Act, steps were taken by more than two hundred distributors of the Greater Metropolitan Area to form the New York-New Jersey Institute, Inc., to be in position to function under the AAA, as under four separate organizations operating under New York and New Jersey control boards, this move was made in anticipation of Federal supervision.

Albert Woodhead, who led the strike by the dairy farmers of the Rochester area in the spring, made threats of strike before the Control Board

July 24, unless the Control Board abolished the classified price plan, and guaranteed 45% of the retail price for milk. He appeared before the Control Board at the hearing as president of the Empire Milk Producers' Association and claimed to represent 40,000 farmers. He was quoted in the newspapers: "We are going on strike and take our milk off the market August 1, and we are not going to make trouble." On the following day, the Control Board made its reply to the threats by a statement to the newspapers which said in part: "The Board hopes there will be no strike, because everybody will lose by one, but now appears to be the time to learn whether these matters are to be controlled by reason and the forms of law or by threats of violence and lawlessness. The Board is willing to drop the classified plan any time when it can be shown a simpler plan that will be as practical and just. At present and for several years, that plan is used in every large milk market in the United States and Canada, which has any quantity of milk more than is needed for fluid consumption, and it is expressly recognized in the milk control law. The plan proposed by Mr. Woodhead is used nowhere so far as the Board is informed, and a bill providing for it was rejected by the last legislature. Nevertheless, the Board recognized that the classified price plan is objectionably complicated, and it would be glad to adopt a simple plan if it were equally practical and would not result in a large number of milk plants closing their doors." At the Hearing July 24, Woodhead charged that the classified price plan was handed to the Board by the Dairymen's League, which statement Director Fee denied. It is true that the present classified price plan was evolved by the Dairymen's League and put into effect April 1, 1920, when the Dairymen's League Inc. reorganized the Cooperative Plant Department and set it up as a separate association under the name of the Dairymen's League Cooperative Association, Inc., and on May 1, 1921, the Dairymen's League, Inc., began to function under the classified price plan and under the name of the Dairymen's League Cooperative Association,

Inc., as previously stated in this article. Since that time, the classified price plan has been adopted widely in this country and elsewhere. The Control Board was backed by Governor Lehman in its stand, taken in answer to Mr. Woodhead's ultimatum.

The strike started August 1, 1933 in the Utica territory, Lewis, Oneida and Herkimer Counties. Reports did not indicate that a substantial number of farmers were striking; many failed to deliver their milk because of interference of strikers or intimidation, which resulted in the shutdown of some milk plants, because not enough milk was received to warrant operations. Lack of milk, for the most part, was not due to striking farmers but that the few strikers, in many instances, augmented by hoodlums and youths from cities and towns looking for excitement, dumped milk on its way to country plants, were interfering with transportation of milk by intimidation and threats of violence and destruction of property. In the vicinity of Boonville, N. Y., a clash between a crowd of about 400, many of whom were bystanders, and the State Troopers, resulted in some persons being injured. On the third day, it was announced that the group around Rochester were again on strike. According to public statements, those leading the strike had called it because the Milk Control Board refused to abandon the classified price plan. The strike was against the State and aimed at the Dairymen's League. On August 3, the Milk Control Board and Commissioner of Health Wynne, of New York City, both moved to extend the New York Milk Shed to provide ample milk and cream supplies for New York and other cities. This action was taken when self appointed leaders, fomenting the strike of dairy farmers, threatened to use their forces to shut off fluid milk supplies of important centers. For many years the League had opposed repeated attempts to widen the Milk Shed and always had taken the lead to preserve the New York market for the dairymen of the State as a whole and



had been successful, in so doing, by promising in behalf of the producers that this territory could supply the market and would do so, while, on the other hand, the Commissioner of Health of New York City had always qualified his promises not to widen the Milk Shed so long as that city was not threatened with a milk shortage. The most serious aspects of the strike were the defying of the authority of the State Government by self-appointed and irresponsible leaders, followed by some misinformed and misguided farmers and mob violence of hoodlums incited by professional radical agitators, the permanent loss of preferential market by widening of the milk shed, and civil war among farmers and cooperative associations. As far as the League was concerned, it had pledged its word and was determined to see that it was kept and let it be known that it would do so at all costs and that it would keep its plants open and milk moving, which it did under State and county law enforcement agencies. Investigations produced evidences that Communistic methods, directed by agencies behind the scenes, featured the strike activities. By violence and threats these persons demanded the passage of the Milk Control Law; by the same technique they were attempting to dictate the administration of that law and had demanded prices be fixed to producers. Any compromise would have been a fatal mistake for, where a question of principle is involved, there can be no compromise. Dumping of milk, ruthless threats to persons and property and unwarranted violence by strange gangs of men moving swiftly from one point to another - strategy used by agitators in western farm strikes - were the means constantly employed by so-called strikers to terrify dairymen, in an effort to shut off milk supplies from New York and other markets. After ten days, these attempts had proven unsuccessful except for temporary shortage in one or two small markets. As for New York City, within a week from the start, milk supplies had increased. The strike came to an end on August 14, as a result of waning support and refusal of

Governor Lehman on the 12th to recognize any truce, insisting that there be a complete end of the strike and the violence and intimidation attending it. Governor Lehman, in an interview, stated in substance as follows: that the strikers were in three classes - a class of farmers, worthy citizens, sincerely dissatisfied with the Milk Control Board's classified price list and other rulings; an adventurous class of young fellows, not dairy farmers at all, who have gone into the country from cities and are being paid by somebody to engage in the strike; there is probably a class of radicals or persons with Communistic tendencies. Hundreds of League farmers and other producers, together with business men throughout the State, appealed to Governor Lehman during the early days of the strike to call out the National Guard. In this connection, to show to what extent certain influences were at work to destroy law and order, handbills were circulated, addressed to Guardsmen of New York, to refuse to be used against the striking farmers. Fellow Guardsmen: \_\_\_\_\_ (signed) Young Communist League Members of the National Guard; also, another handbill circulated was the "Dairymen's Prayer", apparently emanating from a similar source. Similar strike activities immediately followed in Connecticut after the New York strike ended. After the strike was ended and conditions returned to normal, Governor Lehman requested the Control Board to conduct an inquiry into the milk business, which it did by hearing on August 21, 22 and 23, at which the League filed a comprehensive brief.

On August 25, representatives of the Milk Control Boards of New York, New Jersey and Connecticut met with the Director of the Dairy Division of the AAA in New York, where it was voted to seek a federal trade agreement covering the New York Milk Shed. Further conferences were held and representatives of producers and other groups in the dairy industry were called in and, on August 30, a committee of 18 was named to draft the agreement, having three

purposes or inducements: 1. adjustment of prices within the producing area for more equitable sharing of fluid markets; 2. production control along such lines that more attractive prices will not serve as incentive to increase production; 3. uniting and coordinating behind an agreement upon certain principles for stabilizing production and distribution, the power of the Federal Government, the combined powers of Milk Control Boards and other agencies and the power of effective industry organization.

That the recent milk strike in New York and similar disorders throughout the country, where the results of economic disorder were recognized by the Government through its spokesmen, representing the AAA who declared: "Dairy farmers need their cooperative association." They are going to have an increasing need for them in the future, for governmental agencies may be changed at any time. Agreements and licenses are unenforceable, if they remain on a local basis, and are merely temporary expedients to tide over a bad situation; in working out agreements, milk sheds must be given definite boundaries, a sharing of surplus among all producers in the same marketing area, uniform prices to producers in the same marketing area; the government, by these agreements, does not and will not undertake stabilization of a milk shed, unless the producers give unmistakable evidence of willingness to do their share, and the definite goal of the AAA is to attain pre-war parity and, when reached, its powers cease, except as they may be necessary to maintain that parity, and that the past records and achievements of cooperatives and their possibilities of future service should be the first plank in the general program to stabilize the industry.

The Committee of 18 completed its draft of the proposed Milk Marketing Agreement for the New York Milk Shed and took it to Washington on October 19 for presentation to the AAA. Simultaneously, Commissioner

Baldwin of the Control Board issued an appeal to all dairymen to support it and work for its immediate adoption in the best interest of the industry. Impressed by increasing anxiety among dairymen over the uncertainty of milk prices, because of the decline of October prices which indicated a downward price trend in the face of increased production, Commissioner Baldwin, on November 14, sent an urgent request to Secretary Wallace to speed up federal approval of the proposed milk marketing agreement. The Milk Control Boards of New York and New Jersey met in conference in New York on January 4 and 5 to consider plans for an agreement by cooperative action between the two states because of failure to secure a federal marketing agreement, the provisions of which would contain provisions for production control and interstate price fixing. This conference was followed by a hearing in Albany on January 9, at which Governor Lehman appeared, because he believed the milk situation was rapidly approaching a crisis and feared what might happen unless some kind of a territory-wide agreement, interstate or federal, was put into effect in the near future. The marketing agreement, worked out by the Committee of 18 and submitted to Washington in October, seemed to be buried there and, in the meantime, the AAA announced a change in policy on market agreements, resulting in delay and inaction and more uncertainty. It was announced at the meeting that the proposed twin-state pact was in Washington for approval pending decision on a federal marketing agreement. In the event of failure to secure a milk shed wide marketing agreement complying with the AAA., Mr. Sexauer urged the organization of producers in one or more groups with their activities coordinated, so as to exert complete control over milk production and sales.

A full text of the proposed milk marketing license for the New York City metropolitan market was released by Chester C. Davis, A.A.A.

administrator, January 22. He announced that a hearing on the proposed license would be held in New York City February 5; that no provision in the document is final and would be subject to change on the basis of evidence taken at the hearing. The New York hearings were adjourned, to be resumed at Syracuse on February 9. This hearing was attended by about 3500 dairy farmers, of whom more than 2500 were members of the League, a remarkable display of interest, when temperature registered 20 to 40 degrees below zero. The Hearing lasted two days with evening sessions. Everyone who wished to express their opinion was given an opportunity. Commissioner Baldwin stated that, if the New York State Milk Control Board is to be helpful to dairymen it must have federal assistance. Probably a considerable majority were in favor of some kind of federal control, but some of the objections raised on fundamentals made it appear that it would be extremely doubtful if the government would undertake the job of setting the marketing agreement. At adjournment, it was announced by the chairman that he believed the farmers wanted assistance from the United States Secretary of Agriculture. Newspapers reported that it would probably be several weeks before any action would be taken. Hope deferred maketh the heart sick.

Unable to enforce its price schedules, the Control Board rescinded prices of milk to stores, hotels and restaurants on January 31, 1934, which opened the way for competitive warfare for this class of business. Dealers told unorganized producers they must sell for less than Control Board prices or they would close the plants; also, various methods were being used to purchase milk below Control Board prices. Dealers were going outside the jurisdiction of the Control Board for supplies and selling in the now legally competitive market. Dealers, complying with the law, found

their markets raided by cheap milk; prices paid producers varied all the way from \$2.30 to 70¢ per cwt.

In its report to the governor, the Control Board stated that the emergency, which confronted the milk industry a year ago, still existed and there was need for continuance of State Milk Control. It was recommended stronger laws for state control of the industry, a Division of Milk Control in the Department of Agriculture and Markets; the Division of Milk Control be headed by a director, appointed by the Commissioner of Agriculture and Markets, and that the Commissioner be authorized to appoint a Milk Advisory Committee. The Milk Bill was enacted embodying generally the recommendations.

A decision by the United States Supreme Court on March 5 upheld State price fixing power. A far reaching ruling held that the State Board had the right to fix prices to regulate the dairy industry for the common good. It was a test case, arising from the sale of two quarts of milk for 18¢, with which was given free one loaf of bread by Leo Nebbia, proprietor of a small grocery store in Rochester, N.Y. The Rochester city court fined Nebbia \$5. He appealed to the Monroe County Court; beaten there, he carried it to New York State Court of Appeals; beaten there, he carried it to the Supreme Court.

On March 22, 1934, the A.A.A made a public plan for production control of the dairy industry, proposing benefit payments to farmers for reduction in output, from ten to twenty per cent, levying a butterfat tax, purchase of surplus milk for underfed children in cities, purchase of cows for cowless farms and eradication of diseases of dairy cattle. At the same time of this announcement, dairy cooperative marketing leaders were meeting in Washington, where resolutions were passed demanding immediate reforms and more effective methods of solving the farm problem; restora-

tion of milk marketing agreements and licenses were cancelled by the Secretary of Agriculture, removing from the A.A.A. those who have "demonstrated their inexperience, inability, inefficiency and inaptitude in dealing with problems facing dairy farmers, and who have attempted to impose upon dairy cooperatives arbitrary controls and alien principles which, if long continued, will obstruct the cooperative movement and hinder the recovery of agriculture." They charged that the A.A.A., "rather than helping cooperatives, is weakening and destroying them by public and private attacks and inuendos". They deplored "governmental action, which seems to aim at placing in the hands of federal government complete and bureaucratic control of the fundamental activities of agriculture, industry and finance." That abuses have existed in these activities was recognized, but governmental control of the life and death of basic American institutions was deplored, as well as any attempt to regiment the American people.

The A.A.A. proposed production control program for the dairy industry encountered strong opposition at the hearing held in Syracuse on April 6 and 7, not only on the part of farmers, but state and dairy leaders. Similar opposition was manifest at all other hearings, with the exception of the one at Des Moines. Failing to obtain support of a decided majority of the milk industry, both producers and distributors, the A.A.A. gave up its dairy production control program and announced that it would continue to employ milk marketing agreements and licenses for the benefit of fluid milk producers and would initiate a production control program which may seem practicable should the dairy industry, as a whole, agree upon some such program.

On April 27, 1934, Chester Young, Treasurer of the League, died suddenly at his home in Napanoch, N.Y., at the age of 57 years. He became

a treasurer of the League in November 1923 and, during his incumbency of that office, formulated the financial policy of the organization, and the financial record made during that time was an outstanding achievement in cooperative financing. His successor was J. A. Coulter, the present efficient and capable treasurer.

Almost simultaneously in April, 1933, two important events took place; one, the creation of State Milk Control Board, which had to do directly with the milk industry, and the other, when on April 19 the United States went off the gold standard, which had to do with all business and industry. The immediate effect of the former was to put a floor under milk prices, by exercising its price fixing powers which appeared, and was given credit as having raised milk prices and sustained them successfully until in October; however, the improvement was mostly due to depreciation of the dollar or increase in the price of gold. At the end of a year of the managed dollar, almost directly as the price of gold fluctuated, so also did employment, payrolls and commodity prices, of which milk was one. The resumption in October by the government of gradually advancing the price of gold was followed shortly by rising price levels and industrial employment.

The annual meeting took place in Syracuse June 21, 1934, with an attendance of about 3,000 men and women. Unfailing loyalty of the membership in the face of uncertainties, unrest and despair, two strikes aimed directly at the destruction of the League and death blows to cooperative marketing, the behavior of the members under the most trying circumstances and the support of the League by business men and the public generally were highlighted by President Sexauer in his annual address and promised, with their continued loyalty and support, to more aggressively combat forces seeking, by every means, to undermine the League's solidarity, and improve its position



in the industry. It was revealed that the League had contributed generously of its time, energy and finances to protect all producers' interests under State and Federal Control; the membership stood at 43,504, a decrease of 7,435 from the previous year. The gross sales for the year were \$55,454,822.85 an increase of \$314,676.07; total volume of pooled milk was 2,673,758,199 pounds, a decrease of 14.4% while net sales increased 3.1% due principally to transportation; during the year there were retired before maturity \$3,340,000 in certificates of indebtedness.

Something new in the advertising of milk was initiated by the State, resulting from legislation passed at the 1934 session, whereby the State collected a tax from distributors and producers to pay for fluid milk advertising campaign carried on by the State. Drought conditions throughout the country relieved the A.A.A. of any need for further attempts at production control.

The rapid succession of events, with reference to the State and Federal control, in their reference to the milk industry, by fall were cause of increasing concern to agricultural leaders. The rapidly increasing number of codes, being promulgated at Washington, were a real cause for alarm for the safety of real cooperatives and increasing tendency toward regimentation of agriculture. The sudden growth of cooperatives under the State Milk Control law, in a great majority of cases, were merely company unions, created for the sole purpose of evading the milk control law and providing interested dealers with cheap milk. Because of that fact, charges were directed at all cooperatives and were accused of being the cause of the breakdown of the law. There was a growing belief among far-sighted farm leaders that there was a well organized movement under way to legislate real farmer cooperatives out of existence. The events of the recent months clearly

indicated that there was an attempt to discredit farmers' cooperatives by building up public sentiment that their destruction would be beneficial to farmers. Not only was this in evidence on the part of greedy dealers and enemies of farmers' cooperatives, particularly the League, but also on the part of persons representing the Division of Milk Control.

The League served as host to the National Cooperative Milk Producers Federation at its annual meeting in Syracuse, November 12-14, which was attended by delegates from forty states, representing 53 membership organizations. The open session was attended by over 3,000 of whom 2,500 were League men and women. Among the many resolutions passed was one outlining a permanent program to restore agriculture to a basis of economic equality with industry; 1. Strengthening of Cooperatives; as any plan for agriculture, not predicated upon the development of the principles and practices of cooperative enterprise among farmers, cannot hope to succeed; 2. Monetary Policy; increasing or adjusting the price of gold at such a level as will raise commodity prices to 1921-1929 purchasing and debt paying power. 3. Approve Brant Plan; application of equalization fee as developed and carried out in the Brant plan. 4. Marketing agreements; correlated with the operation of the Brant Plan, there should be provided a system, whereby marketing agreements and licenses should be made available by the same administration which directs the Brant plan, which provided for production control by governmental purchase of marginal and sub-marginal lands returned to public domain, surplus commodity pools under direction of surplus control boards, financed by Federal appropriation, as a revolving fund and replenished by equalization fee collected at first point of delivery from the farm; dealings with the pool would be through regular trade channels, such as cooperative marketing associations, processors, jobbers and wholesalers.

The American Farm Bureau Federation's annual meeting was addressed by Dr. George F. Warren, author of the idea of the commodity dollar (sometimes called the honest dollar) and that gold is a commodity. The League was among the first, if not the first, of farm organizations to accept this idea and gave it its undivided support and became its champion. Deflation, by increasing the price of gold, had been tried and had worked successfully. The meeting unanimously approved of the honest dollar program and went on record urging the President of the United States to make "full use of the powers granted to him to raise the price of gold to the limits prescribed by Congress." The State Grange, at its annual meeting, threw its support back of the agricultural demand for an honest dollar. State Master, Fred G. Freestone, declared that farmers were putting too much faith in the A.A.A. and asserted that, when farm problems are solved, they will be solved by farmers working through their own organization. The A.A.A. came in for criticism on the part of delegates and were generally agreed that regimentation of agriculture would fail, likewise dairymen, in attendance, appraised the value of the State Milk Control Division's work and, along with others, took the attitude in belief that producers must solve their own problems through efficient cooperative marketing. From the Spring of 1933, during the ensuing year, the price of gold was advanced 69%; the price of the basic commodities, grains, beef, pork, butter, cotton, wool etc. rose 67%. No wonder all farm organizations, both national and state, worthy of the name were for the honest dollar.

Under price fixing and control by the Food Administration during the war, milk producers of the New York Milk Shed learned at great cost that, when there was a surplus of milk, the law of supply and demand was allowed to work, but, when demand equalled the supply, the law was not

allowed to work. Milk producers of this same milk shed and many of the same producers were having their memories refreshed or learning again that the various marketing and regulatory factors were and had been operating for the past two years, with the same effect and results as they had fifteen years and more ago.

As 1934 drew to a close, New York and New Jersey moved to bring about some sort of milk marketing agreement, with federal government assistance, to correlate milk control; that supervision over all interstate business would be vested in the A.A.A., while intrastate business would be under the supervision of the Milk Control Board and the two be coordinated to function in the public interest. More than a year before, the League launched a movement for a milk marketing agreement to cover the milk shed and to be worked out through the A.A.A. in a similar manner, which would have been comparatively easy of accomplishment, but opposition, from various sources, made it impossible to secure such a marketing agreement at the time.

The New York Milk Shed Conference, organized in September, was composed of representatives of general farm organizations, State Colleges of Agriculture, producers' organizations and distributors. This conference worked for four months to draft an agreement, acceptable to all interests, and stabilize the milk industry. The Sheffield Producers' Association was the lone objector to the agreement. On January 10, 1935, the Conference invited the A.A.A. "to participate in our endeavors, to the end that we jointly explore and develop plans to stabilize the dairy industry in this milk shed". This invitation was acknowledged and hopes arose that something effective was near at hand. Effective February 6, a sweeping shakeup took place in the A.A.A., which eliminated the ultra radical wing, entrenched in the legal staff, which was known not to have been friendly to cooperative organizations. Soon after

the appointment of Chester C. Davis, administrator of the A.A.A., it became apparent that he was more sympathetic towards farmers' problems and co-operative enterprises and it was believed that the radical group had often blocked his plans. Agricultural leaders hailed this change with satisfaction.

The New York Legislature, on January 30, enacted measures to re-organize the Department of Agriculture and Markets, by eliminating the Council of Agriculture and Markets and placing it under control of the Governor. Governor Lehman announced the appointment of Hon. Peter G. TenEyck of Albany to succeed Charles H. Baldwin as Commissioner. No sooner had Commissioner TenEyck assumed the duties of office, when the United States Supreme Court handed down its decision in the Seelig case, holding that the State cannot interfere with interstate commerce; in other words, New York State had no authority to control the prices which dealers must pay dairy farmers of other states for milk. This decision was not unexpected by those who had much of a conception of the legal questions involved in the Control Law, but the self appointed leaders and misinformed and misled persons, who had forced New York State into milk control by threats, intimidation and strikes, were thrown into confusion when the Supreme Court knocked from under the Control Law its most important prop. The Assembly immediately rushed through a resolution to memorialize Congress for legislation "to prevent wholesale dumping of milk into this state". The Senate asked Governor Lehman to call a conference of governors "to discuss the serious problem facing the dairy industry." Governor Lehman urged the Legislature to memorialize President Roosevelt and Congress for federal legislation to protect the <sup>industry</sup> dairy from "utter destruction and disintegration". The New Jersey Milk Control Board announced an appeal to the A.A.A. for help. In all

these appeals, no one deemed it worthwhile to ask organized agriculture of the New York Milk Shed what might be done. In whose interests were all these wild appeals being made, certainly not the farmers, unless it was forgotten in the excitement that the Farm Bureaus of New York, Pennsylvania, New Jersey and Vermont, the Granges and other farm organizations of these states, were farmers' organizations to which farmers looked for representation, to say nothing of the Dairymen's League with its more than 40,000 members, who produce milk and sell it every day in the year, but in the interest of these politicians, publicity seekers, self appointed leaders who assume the prerogative of speaking for farmers. Again an interstate-federal milk control program for the New York Milk Shed was being sought by officials of New York and other states comprising the area, when the Governors of those states met at the home of Governor Lehman in New York City on Sunday, March 24. They appointed a committee headed by Commissioner Ten Eyck, which met in Washington March 26. This activity followed Governor Lehman's trip to Washington, March 14, shortly after the Supreme Court decision. This committee, representing the Governors of seven states, began a series of conferences with various officials of the A.A.A , the details of which were lacking, but it was evident no quick and efficient solution to the dairy problem was at hand.

The suspicions of far-seeing farm leaders proved to be correct, when a bill was introduced in the Assembly at Harrisburg in April, 1935. This bill was the administration's milk control measure, which would have allowed the state to rule farmers' associations and turn the control of producers' cooperative marketing associations over to the state. Almost nightly, officials of the Milk Control Board and the employees, and employees of other state departments, addressed audiences in favor of

the bill and attacked cooperatives. The Pennsylvania State Grange led the fight against the measure and was backed up by other farm organizations who killed the anti-cooperative feature of the measure.

Concurrently, the Governors' Committee and the A.A.A. made public a suggested license for New York City area and another for New Jersey on May 10 and awaited the industry's reaction. The Governor's Committee called a hearing in Utica on June 13, 1935, "for the purpose of presenting to producers and other interested persons the tentative licenses or marketing agreement to govern interstate shipments of milk for the metropolitan sales area and the State of New Jersey, etc." The meeting was attended by about 1500 persons, among whom were the fault-finders of the dairy industry, spotlight and headline seekers, self-styled dairy experts, professional organizers, and John J. Dillon, but mostly sincerely interested dairymen. The meeting was noisy at first, but later settled down after the fireworks were exhausted, and passed a resolution in effect that the Governors' Committee, in cooperation with the Secretary of Agriculture, be requested to consider the opinions and suggestions offered and the work of the New York Milk Shed Conference. The League stated its position and called to attention that the League was the first to propose cooperative effort on the part of the individual states, comprising the New York Milk Shed, the federal government and the industry, to reach a solution of the problems, whereby the producers of the area could obtain fair and equitable prices for milk and that it still is for a marketing agreement or federal license, if one can be set up under state and federal laws, enforceable and practical in operation, calling attention to its part in the Committee of 18 and the New York Milk Shed Conference. The League went on record in the belief that; any marketing agreement or license to be successful must have uniform administration; a

necessity in a stable market is equity of purchasing among distributors; uniform prices for the same quality of milk to be sold in the same market, regardless of point of origin, is equally essential; the dealer blend, as provided in this proposal, is inherently a weakness and impossible of enforcement and would defeat the purpose of the compact; to provide a blend of all milk purchased by distributors under this license would require a supplemental agreement.

The annual meeting was held in Syracuse, June 20, with an attendance in excess of 3,000, the outstanding feature being the steadfastness of the membership in their organization. It urged the continuation of the monetary program, commended the efforts of the Governor's Committee and stressed the need of equity among producers. The President's report was a change from the usual procedure, in that each member of the Executive Committee made a report covering the division of the duties assigned to each respectively. The gross sales for the year were \$58,200,000., representing 2,487,379,074 pounds of milk, an increase of nearly \$2,747,000. for about 166,000,000 pounds less milk than the previous year. All officers were re-elected, H. H. Rathbun succeeding J. D. Miller as vice-president.

On July 6, 1935, an unprecedented storm swept over central and southern New York, which caused an estimated damage of \$5,000,000. to dairymen alone. The extensive resources and facilities of the League, always available on a moment's notice, was a very important factor in averting a serious milk shortage in New York City. Its resources were placed at the disposal of Governor Lehman to help alleviate the suffering and danger of the stricken area. The League trucks hauled water from New York on the return trips to upstate communities, where fear of an epidemic might result from the use of contaminated water. Hundreds of dairymen lost cattle,



crops and machinery, besides having areas of fertile land permanently lost by thick deposits of sand, gravel and debris. Highways, highway and railroad bridges were washed out, causing long detours, farmers were unable to deliver milk and milk plants unable to operate in a great many instances.

Within a couple of months in the late spring and early summer, two very important court decisions were handed down; The United States Supreme Court held that the National Industry Recovery Act was unconstitutional and the Federal Circuit Court of Appeals in Boston held that the A.A.A. processing tax was illegal. This was the Hoosac Mill Case. The Supreme Court decision in the Schecter Poultry Corporation case and the Hoosac Mills case vitally affected agriculture directly, while the N.I.R.A. (N.R.A.) decision affected it indirectly; nevertheless, it was of extreme importance.

The annual session of the American Institute of Cooperation took place at Cornell University, Ithaca, N.Y., July 15-20. The registered attendance was in excess of 1200 persons, from every agricultural section of the country. Lectures, conferences and roundtable discussions, covering all phases of cooperative work and cooperative activities, in relation to the principal farm commodities, continued throughout the week. Many officials and executives from marketing and buying cooperatives were prominent on the program. The marketing of milk and dairy products through cooperatives was subjected to a searching probe by dairy leaders and research experts. Control of surplus through cooperative marketing associations, as the key to milk market stabilization, was declared to be the only long time prospect for the solution of the fluid milk problem. Government control, marketing agreements, disease eradication, operation and management of cooperatives and organized agriculture's place in national recovery, were given wide and most serious consideration. The National Cooperative Council,

comprised of farmers' business cooperatives, with a membership of 1,260,000 and handling a billion dollars worth of products, annually called upon all farm cooperatives to abide by sound and proven cooperative principles and not rely upon governmental assistance.

On numerous occasions, the League has proven its ability in combating winter storms, blocked roads, droughts, floods, strikes and other things, which unexpectedly come up to interfere with the daily flow of milk, but it remained for it to demonstrate its ability and smooth functioning of the organization when it, for three weeks in August, 1935, supplied the United States Army, at its maneuvers at Pine Plains, fresh milk for 36,000 in the field without mishap. It was the first time in history that an army was supplied with fresh milk, where a large body of troops was actually in the field undergoing battle maneuvers.

After two years and about five months of the State Milk Control, the delegations, claiming to represent dairy farmers of the State in 1933 who were deluging Governor Lehman with frenzied resolutions, the self-styled leaders, threatening with strikes and parading delegations before the Legislature demanding State Milk Control, held a meeting of "Independent" dairymen. A committee was appointed to visit Governor Lehman and demand repeal of milk control. On the committee were some of the very same men who threatened Governor Lehman with a state-wide milk strike if controls were not put in effect. Operation of the law had brought out all the defects that were outlined when it was enacted.

In October, the seven-state Governors' Committee announced a revised proposed interstate Milk Marketing Plan. It was prepared jointly by the Committee and the A.A.A., in the light of suggestions presented at the June hearing and the amended act, but would not become operative until ap-

proved by two-thirds of the producers involved. That it was impossible to take further definite action until the amendments to the A.A.A. were passed and signed by the President late in August, was stated by Commissioner TenEyck in explanation of the delay. Meanwhile, sales of milk across state lines had increased and further disrupted the orderly marketing of milk in the sales area. Development of a program for federal control over interstate milk, to be coordinated with programs of state control over intrastate milk in New York-New Jersey metropolitan market, moved forward December 30, as representatives of the dairy industries of the seven states' meeting in New York City established a committee of 18 to work with the Governors' Committee and the A.A.A. in perfecting a tentative proposal. The conference was called by E. W. Gaumnitz, Chief of the Dairy Section of the A.A.A., to bring the plan, as developed with the Governors' Committee before the dairy industry as a whole. The Committee of 18 met with the Governors' Committee and the A.A.A., in New York on January 4, 1936 to further consider the plan. Representatives of seven states met in New York February 2 with the New York Joint Legislative Committee on Cooperation to study the problems of milk distribution. After an all day discussion, five plans submitted for consideration of the various legislatures; operation of milk control by Federal Government under the A.A.A., with the seven milk states subscribing to a seven-state milk pact; operation of milk control by state pacts, without Federal regulation; operation by reciprocal legislation among the seven states, regulation of the price to producers by the consuming states. In the fall of 1935, for several weeks, reports were current in Washington that a reciprocal trade agreement with Canada was in the making, but no official information was available until on Armistice Day, President Roosevelt announced in his address that the agreement was being negotiated, but no in-

formation as to details were available and it was understood that they would be made known after it was signed. In the absence of official information, it was widely reported that the proposed trade agreement would include a lowering of tariff on dairy products coming from Canada. When it became apparent that these reports were authentic, the Dairymen's League and the National Cooperative Milk Producers' Federation promptly launched a protest. The tariff protection on dairy products, for the benefit of American dairy farmers, was secured only after a long and costly struggle by the National Federation, of which the League is the largest member organization. At the time, this meant an increase of \$8,000,000 to our dairymen and, if now that protection were to be taken away, it would mean a loss of much more for, under the British Empire trade pact which meant practically free admittance into Canada of dairy products from all nations of the British Empire, also, under the "most favored nation" treaties with many other countries, those countries would be entitled to the same consideration as nations having "most favored treaties".

The six outstanding national farm organizations unanimously united in demand for monetary control to bring farm parity, and presented a program for federal legislation at the National Agricultural Conference in Washington on January 17, 1936.

The state farm organizations, comprising the New York State Conference Board of Farm Organizations, presented to the Governor and members of the Legislature a broad program for the improvement of agriculture. It recommended the elimination of Milk Control, as soon as the industry would be prepared to handle the problem, and offered suggestions as to its accomplishment. Other recommendations had to do with butter substitutes and equitable tax on the same, highways and maintenance thereof, continuation of appropria-

tions for secondary roads, definite plan for farm to market roads, snow removal, motor trucks, proportional licensing of motor vehicles on the monthly basis of the annual fee for the remaining months of the calendar year, bovine tuberculosis mastitus and Bang's disease, and continuation of indemnities and appropriation to explore poultry diseases.

The annual meeting, marking the twentieth year of the League since it commenced to function as a bargaining agency, was held in Syracuse on June 18, 1936, with the usual attendance marked by enthusiasm. A tribute was paid to the leaders of the past, who had served twenty years or more ago, most of whom were present at an appropriate gathering and were presented "awards of service" by President Sexauer. Mrs. Albert Manning, widow of the late Secretary Manning, was included among those so honored, not only because of the great respect in which the services of Mr. Manning are held by the membership, and Mrs. Manning's assistance in her husband's work as secretary in the formative period of the League, but also because Mrs. Manning typified the thousands of League women who, in the beginning and since, have shared in trials and tribulations of building a great cooperative organization. President Sexauer stated, "the history of seventeen years from 1916 to 1933 is a real record of achievement. The benefits, which it brought to dairymen, have been equalled neither by open competition before 1916, nor by Government regulations since 1933." He pointed out that price fixing, under Government control, had not brought the benefits promised for it, nor has it equalled the benefits brought to industry by competitive enterprise. In the future, we will see greater need for closer cooperation among dairymen, greater than ever before. During the last calendar year, the Association's net return to its members, per 100 pounds of milk handled, was only 3.4 cents less than the producer, delivering to the largest non-buying dealer

in the Milk Shed, received. "If you regard the service and security represented by the 5¢ service and administration charge as being worth 5¢ to you, the average return exceeded that of the independent group mentioned above by 1.6¢. This is proof that a cooperative can operate efficiently." He suggested; conduct market activities along lines for more stabilized markets, advancing at the same time all worthwhile efforts in which others will join. Take in new members only as new markets arise, and then only those constructive dairymen who promise to be real cooperators. Secure additional fluid markets on the basis of quality and service and not on the basis of destructive price competition. Protect markets, as already, against price raiders if necessary. Guarantee adequate supplies for all fluid markets. Officers reported increased efficiency in plant operations; increased percentage of sales in fluid markets; increased amount, distributable to members, despite some reduction in total volume and sales; a net return of 5.6 cents per 100 above the previous year; that the League had paid back all of the loan of \$5,750,000. borrowed from the Federal Farm Board, three years before due; losses from bad debts lower than any time in five years; slightly more than 25% of all Class 1 sales were in secondary markets and that 2,376,312,175 pounds of milk were pooled during the year. All officers were reelected.

The A.A.A. was refused an injunction July 23 by Federal Judge Brewster against 28 Boston Milk Dealers accused of violating a Boston milk marketing agreement. The Judge said the A.A.A. lacked power to regulate agricultural products within a state. He had previously invalidated an earlier milk pact in the Boston area. He stated that the 1935 amendments "did not cure the infirmities of the original act, which were the basis of the decision in the Hoosac Mills case. I do not decide whether Congress has the power to

enact legislation authorizing the Secretary to impose regulations upon the sale of milk in interstate commerce. I only decide that, as yet, Congress has not enacted such legislation \_\_\_\_." This decision was of the utmost importance to dairymen of the New York Milk Shed. By this time, it was clearly indicated by the court decisions; that one state cannot fix the price on milk produced outside of that state and shipped into it, or control its shipments; that the Federal Government cannot fix the price of milk produced within a state and used in that state, or control its shipments within that state. Apparently, the only solution to the problem would be coordinated and concurrent action by state and Federal Government, which remains to be determined.

The failure of the State Milk Control was gradual; in fact, its failure was inevitable from the day it was put into effect, as was pointed out by those of years of experience in selling milk; in fact, some dealers had figured out ways to evade it, before the bill became a law; within six months, beginning of failure made its appearance. On a rising market, its operation was too slow and cumbersome. In the summer of 1936, parts of the milk shed experienced one of its worst droughts; the plight of dairymen was rapidly becoming unbearable. On July 22 the League petitioned the Division of Milk Control for an increase on Class 2. Hearing on the application was held August 13; by that time, cost of production had increased as the drought conditions became worse and the League, at that time, recommended an increase in Class 1 milk. On August 16, the Division of Milk Control put into effect half the increase requested on Class 2, a delay of nearly four weeks; an increase of 25¢ on Class 1 was also announced, 42¢ having been asked; the control officials announcing no further increase would be ordered at that time. The League decided there could be no further delay in demanding the

full 42¢ and on September 1, laid its demands before the dealers with the notification that it would be put into effect September 5. While the League had been impatiently waiting for the control officials to act, the results finally obtained on August 16 served only to enrage a great many dairymen outside the League, resulting in a strike call. Two days before the date set, apparently a disagreement between various leaders resulted in one camp declaring the strike off. Lack of coordinated effort and jealousies between leaders was the principal factor. A group of dealers met the other camp and were ready to sign up but, when the leaders were asked if they signed, would their supply be immediately released, there was no answer. The dealers present were ready to pay the demand price of \$3.00 for 3% milk, so short were their supplies. So acute had the situation become that Governor Lehman requested a hearing September 12, which was attended by some 4000 or more persons, of whom over half were League members; at least 1000 persons were unable to get in the meeting. President Sexauer's statement was wildly cheered and applauded. Self proclaimed representatives of Communism and Socialism were conspicuous, promising support and "sympathy strikes" in the farmer's cause. Certain farm leaders threatened a strike in two days unless the state met their demands. Governor Lehman declared that the state would not be hurried into any ill-considered action by threats of strike and added that no decision would be made until the following week. On September 18, Commissioner TenEyck announced an increase in Class 1 and a reduction in classes from nine to six effective September 25. When the League advanced Class 1 to \$2.87, the distributors raised one cent a quart but, when the State raised the price to \$2.90, the dealers reduced the price one cent a quart. Before the middle of September, rains had broken the drought, production increased and, with the increase in price, price cutting spread in the



wholesale trade; but, for two months before, when the farmers were in dire need and the market was short, an increase was denied them. Again price fixing had clearly demonstrated that, when there is plenty or a surplus of milk, the law of supply and demand is allowed to work, but, when there is a firm market or a shortage, supply and demand are not allowed to work. Election was approaching. The whole thing was politics, pure and simple. Drought and politics at the milk producers' expense.

On October 1, 1936, the Federal Trade Commission issued a report, prepared for Congress after months of investigation of the milk industry in New York City. Lack of funds prevented detailed investigation of the City's 365 Licensed dealers. However, it did cover the Dairymen's League, Sheffield Farms Producers, Sheffield Farms Company, subsidiary of the National Dairy Products Corp. and the Borden Company. The report states: "Throughout the investigation, particular attention has been given to the activities of corporations, associations, and cooperative organizations, to determine whether they or any of them, are operating in such a manner as to substantially lessen competition or tend to create monopoly, or are parties to any conspiracy in restraint of trade or commerce in the sale or distribution of milk and other dairy products."

"Special attention was given to the activities of cooperative organizations of milk producers and efforts were made to determine to what extent, if any, joint activities by them and the distributors have tended to depress prices paid to producers of milk or to influence prices to consumers". Examination was made of contracts between the Dairymen's League Cooperative Association, Inc. and various distributors, including Borden's Farm Products Co. Inc., a subsidiary of the Borden Company. This examination revealed no evidence that special concessions were granted any particular distributors

purchasing from Dairymen's League Cooperative Association, Inc. "Insofar as this examination disclosed, relations between Dairymen's League and the Borden Company were that of vendor and vendee and no evidence was adduced showing the exercise of any control by the Borden Company over the League."

"It is practically impossible, however, to evaluate all the advantages provided members through the operation of the League. For example, members are guaranteed a continuous market for all milk delivered to the association and are not limited in the quantity they may deliver. Obviously, it is not only the aim of any true cooperative association to procure for its members the highest possible price for their milk production, but it is also equally important for the cooperative to provide a market for all the milk of its members. Both these factors must be considered in measuring the success or failure of any given cooperative association."

"Sheffield Producers Cooperative Association is controlled by its only customer - Sheffield Farms Co. Inc. Judge Berne A. Pyrke, former Commissioner of Agriculture and Markets of New York State, represents Sheffield Farms Co. Inc. as its agricultural advisor and is on the company's payroll. He prepared letters and statements to be used by the Secretary of the Sheffield Producers Cooperative Association, also the views and policies of the association. The statements were favorable to the Company.

The contract is conspicuous more for what it does not provide than for what it does. It is provided that producers shall be paid the blended price and that; No provision is made for auditing the reports of the buyer to determine whether the figures represent the actual utilization of the milk in the several classes." The foregoing excerpts indicate it was the policy of the association not to give information, either to its members or to the State authorities, relating to sales by Sheffield Farms Co. Inc., segregated

as to classes of milk sold without permission of the distributor. The report revealed "tricks of the trade" resorted to by National Dairy Products Corp. and the Borden Company.

On November 18, the Board of Directors asked the member organizations of the New York State Conference Board of Farm Organizations and the major farm organizations of Pennsylvania, New Jersey and Vermont, to organize a conference "to give consideration to the several perplexing milk marketing problems of this milk shed." In response to this invitation, the Conference was called in New York December 28-29; after a three day session, the following eleven specific problems were enumerated: 1. Lack of unified or joint action by producers and producer groups. 2. Lack of control of prices to producers for milk crossing state lines. 3. Increased bargaining power of distributors, resulting from producers' necessity to compete for desirable market. 4. Growing tendency on the part of distributors to relieve themselves of excess milk, over fluid requirements, by closing or transferring plants and dropping of producers. 5. The price depressing influence of uncontrolled surpluses. 6. The failure, under governmental milk control of prices, quickly to reflect changed seasonal conditions and changes in cost of production. 7. The excess seasonal production over fluid milk and cream market requirements. 8. The lack of adequate and thorough audit of dealer classification sales by competent producer controlled agencies. 9. Inadequate security to producers for payment of milk delivered. 10. Overlapping and conflicting board of health regulations, and multiple inspection of farms. 11. Insufficient official checking of milk weights and tests.

The Federal Trade Commission, in its final report to Congress, praised the record of milk cooperatives, laid down essentials of successful cooperative marketing and urged strengthening and broadening of cooperatives

to get better prices for producers; it further stated - "conditions in the dairy industry generally, and of producers, particularly, can be improved, without additional legislation, if producers take full advantage of existing laws, authorizing organization of cooperative associations to market farm products.

At the annual meeting of the State Agricultural Society in Albany on January 26, 1937, Governor Lehman said, dairymen have within themselves "all the power needed to solve every major problem" and called upon them to relieve the state emergency responsibility and "merge themselves into one cohesive organization." As a result of action by the Legislature the last week in January in appropriating \$10,000 for an investigation by a Legislative Investigating Committee, an investigation of the state dairy industry started on February 3, for the purpose of gathering firsthand information to guide the legislature in enacting laws pertaining to the dairy industry. The Committee was composed of seven senators and seven assemblymen, with Senator George F. Rogers as chairman and Assemblyman Howard N. Allen as vice-chairman. There were twelve hearings in as many different parts of the state from February 3 to March 4. At these hearings, milk producers, particularly those shipping to the New York market, voiced strong opposition to state control. On March 4, at Albany, the last day of the hearings, the League offered the following recommendations: Authorize a producer-cooperative bargaining agency and a distributor bargaining agency for each major marketing area and legalize agreements between them on prices to producers, surplus handling and trade practices; repeal arbitrary price fixing; give Commissioner of Agriculture and Markets power to declare an emergency in any market, with power to fix prices and trade practices in such emergency, if 75 per cent of producers controlling 50 per cent of the milk, acting under a marketing

agreement, request it; equalize prices by markets and production areas; clarify power of establishing working arrangement with Federal agencies; repeal provision relating to differential between advertised and unadvertised brands; discontinue autocratic regulation, and substitute therefore market autonomy; strengthen cooperatives and legalize cooperation between cooperatives; use state power to assist the industry.

The preponderance of producer testimony before the Legislative Committee was for discontinuance of State Milk Control and that producers and producer groups be allowed to work together legally; also, for doing away with state advertising of milk and application of state inspection laws to require milk, produced outside the State and shipped into it, to meet the same requirements as producers within the State. Some were very bitter in their denunciation of the law, even to attacking the officials who attempted to administer it. The Emergency Milk Law was an arbitrary and autocratic grant of authority as a police measure and was so administered. The causes of its failure were many but, principally and fundamentally, it encouraged dealers to avoid surplus responsibility by rejecting some producers' milk or closing of plants; it had no control over interstate shipments of milk into the metropolitan market; by its operation, New York State producers lost 8% of their metropolitan market, while other states gained 18% in their supply; the provision of 1 cent differential between advertised and unadvertised brands was legalized price cutting and defeated the very purpose of the law; it was legally evaded; it aggravated the disparity of prices paid to producers; it was cumbersome and worked too slow on rising markets; it operated to actually reduce instead of increase producers' returns; it caused two milk strikes and nearly caused others. In general, it encouraged and created dishonesty, impaired integrity, was the cause of strife and

animosity among dairymen and groups of dairymen, created inequity, increased costs, was unworkable and unenforceable, protected distributors in place of producers and worked against, rather than for, the interests of the industry. Probably the most that could be said in its favor was that out of the many court actions arising from attempts at enforcement, the legal status of State and Federal authority was clarified, and demonstrated that cooperative marketing of dairy products is the best method yet known. These court decisions were far reaching in effect and paved the way for real constructive laws, based on experience and common sense, which provided coordination and cooperation between the State and Federal governments through the Rogers-Allen Law and the 1937 amendment of the A.A.A.

The Joint Legislative Committee's conclusion was that State price fixing should end and recommendations were that dairy groups should have the right to cooperate and, price negotiations, by the industry, begin through producer bargaining unity. The findings of the Legislative Committee emerged in legislative form in the Rogers-Allen Bill, which was drafted along the lines suggested by the New York State Conference Board of Farm Organizations and was backed by the constituent members of that body. There were many other milk bills introduced, so the journey of the Rogers-Allen Bill, through the legislature, was a rough and stormy one and escaped defeat only by a narrow margin, as its foes were many and powerful, among which were the milk dealers, working from under cover, consumer groups, and John J. Dillon of the Rural New Yorker. All mail records were broken by the communications pouring in on Senator Rogers and Assemblyman Allen, and other members of the Legislature, from farmers telling them they wanted the Rogers-Allen Bill enacted. The bill was passed by the Senate May 7, as amended in the Assembly, by eliminating provisions for consumer price fixing.

While the League was leading the fight for the Rogers-Allen bill at Albany, the National Cooperative Milk Producers Federation was sponsoring a measure to re-enact certain sections of the A.A.A., which were inoperative because of the Supreme Court Decision in the Hoosac Mills case, where production control and the processing tax features of the A.A.A. were held unconstitutional. This proposed legislation specifically validated the market agreement and order sections of the A.A.A., so vital to dairymen in the matter of the interstate shipments of milk. This legislation was passed and was signed by the President early in June. So, with these two measures enacted into law, the one taking care of intrastate and the other interstate shipments of milk, the way was clear for New York City Milk Shed milk producers to proceed on their own.

The hearings before the Legislative Committee served a purpose of far reaching effect, other than for which they were held, in that, for the first time in fifteen years or more, leaders and members of different and hostile groups of farmers were found in the same gathering, 90% of whom were telling the Committee that they wanted the same thing. A bit of missionary work on the part of two friends of dairymen resulted in a meeting in Utica May 14, attended by representatives of 27 cooperative associations, representatives of several general farm organizations and a few individuals. After discussion and study of the Rogers-Allen and the McElroy-Young Bills, a resolution was adopted without a dissenting vote, urging Governor Lehman to sign the Rogers-Allen bill and a committee appointed to communicate the action of the meeting to Governor Lehman and impress on him the importance of this united action. Governor Lehman signed the Rogers-Allen Bill on May 19, at the same time vetoing the Dillon Bill, known as the McElroy-Young Bill. The bill had been signed before the committee could secure an

appointment. Chairman Homer S. Rolfe of Ogdensburg called the committee together on May 25 to consider the prevailing market conditions; also, it was decided to call a meeting of the original group that met May 14, to meet in Utica May 29, to consider organizing a producers' bargaining agency and to take advantage of the opportunities afforded producers under the new Rogers-Allen Law. A sub-committee, in the interim, had prepared a tentative draft of certificate of incorporation and by-laws, which were amended and approved, and the necessary documents were signed at the meeting on May 29, setting up the Metropolitan Cooperative Milk Producers Bargaining Agency. The meeting also appointed a temporary executive committee, which met in New York to draft a program to carry out the objectives of the new agency. The necessary legal papers were filed with the Secretary of State on June 1, 1937. This action was taken by 23 representatives of milk marketing cooperative associations, with a combined membership of approximately 60,000 dairy farmers, shipping to the New York metropolitan market. On account of some technical error, the certificate was not filed until June 7, when the certificate of incorporation was granted. The Metropolitan Cooperative Milk Producers' Bargaining Agency, Inc. was formally organized at a meeting in Utica, June 8. at which time 16 marketing associations signed the by-laws and became members of the Bargaining Agency. President Rolfe announced that the Agency had already begun to function.

The annual meeting of the League was held in Syracuse on June 17, 1937, with an attendance of well over 3,000, who were fired with enthusiasm by the militant annual address of their President and radiated optimism and good will and greeted with loud applause the twenty or more officials of other milk cooperatives of the State who were present on the stage as guests of the Association. It was an inspiring sight, one that aroused the emotions and one



that will long be remembered. President Sexauer said: "The Dairymen's League Cooperative Association has pledged itself to work with the other cooperatives of this Milk Shed. That pledge we will keep. We will back it up with organization, our plants, our transportation system or distribution and, most of all, with the great group of loyal members. We will go as far as they will go. We will assume whatever risks they assume. We will exert as great or greater efforts than they. We will assist other groups to perfect their organization. We will assist individuals to organize. In short, we pledge cooperation." During the fiscal year, the membership decreased from 37,572 to 35,155; the total volume of milk produced was 2,562,713,350 pounds, an increase of 7.8%; net sales increased from \$55,096,564.55 to \$61,708,945.58, while the volume increased 7.8% the net distributable returns increased 11.5%, yet with a decrease in membership of 6.4% and an increase in volume of 7.8%, the average increase per member in returns was 23.65%. All officers were re-elected. Senator George F. Rogers, co-author of the Rogers-Allen Law, in a militant address, urged stronger farmer cooperatives and demanded fair play and pledged aid. Although Senator Rogers is a groceryman in the City of Rochester, there has never been a more stalwart champion of the farmers' cause in any legislative halls.

On June 25, the Producers' Bargaining Agency agreed upon an increase of 40¢ per hundred in the price of fluid milk with the Metropolitan Distributors Agency, effective July 1. A remarkable accomplishment for an organization less than one month old.

On July 18, 1937, Hon. Peter G. TenEyck, Commissioner of Agriculture and Markets, presented his resignation to Governor Lehman who appointed Holton V. Noyes of Kenwood as successor.

Sheffield Farms Milk Co., Inc., about July first, announced that, on

and after August 1, it would discontinue the operation of 12 of its plants in Northern New York, but that these plants would be operated under lease by the Sheffield Condensed Milk Co. The change affected about 2300 dairy farmers who had for years had a part of the fluid milk and had been members of the Sheffield Producers Association. Now these 2300 dairymen, without a word to say about it, found themselves thrown out of their organization and offered a manufacturing outlet, but must meet Board of Health requirements if they accepted. This arbitrary act caused repercussions of vast and far reaching effect throughout the entire Milk Shed. It was a dealer's way of handling surplus.

For two years or so before this announcement on the part of the Sheffield Farms Milk Co., there had been reports of the presence, throughout parts of the intensive milk producing areas of the State, of cells of radical propaganda, closely resembling Communism, with Farm-labor political color and CIO activity. The focal point from which these cells emanated was Ogdensburg, under the name of the Dairy Farmers' Union. These 2300 milk producers, dispossessed of their market, were a fertile field for Dairy Farmer Union Activity.

From its inception, the growth of the Metropolitan Cooperative Milk Producers Bargaining Agency was rapid and gaining strength but no sooner was its power being felt than a certain group of dealers, of the chiseling type, started a campaign to oppose the progress of the Producers Bargaining Agency, by spreading false propaganda about it and its officers, had representatives and attorneys at their patrons' meetings to prevent their organizing and, by threats and use of all the old tactics to keep dairymen from organizing and becoming a part of the Agency. By early fall, a small number of the chiseling dealers became so bold in their activities, to

prevent formation of local cooperatives, that the Federal Trade Commission was asked to probe dealer tactics and soon Federal investigators were on the job. July negotiations for August price ended in a deadlock, but, with the Agency not fully organized, it accepted a compromise. By August, the Agency had over sixty cooperative members. On August 19, in Syracuse, the 75 delegates of the Bargaining Agency, after an all day session, were unanimous in their demand on the dealers for a 40¢ increase, effective September 1 and, in case the dealers did not agree to these demands of organized farmers, those refusing would find their supplies shut off. After much discussion and subsequent parleys, the dealers offered a counter proposition, which was accepted by the Agency, which figured out more money to the producers than their original demand.

On August 1, some 2000 Northern New York dairymen, up until that date patrons of the Sheffield Farms Milk Co., withdrew their milk from the 12 plants and diverted it to cheese and butter factories or other outlets, as a protest against the action of that company for shutting them out of its fluid market. These farmers declared that deliveries would not be resumed unless the action was rescinded and many stated that one of the objects would be to "do away with dealer-controlled producer associations". All of the producers involved were members of the Sheffield Producers' Association, a company union. The amount of milk involved was about a million pounds a day, which taxed the capacity of other outlets, some operating on 24 hour schedule. During the year, the company had disposed of 12 other milk plants in other parts of the state. In the case of these 12 plants in Northern New York, they were simply turned over to another subsidiary of the National Dairy Products Corporation, as were other plants turned over to other subsidiaries of the same corporation. (The manipulation of subsidiary

companies by the National Dairy Products Corporation and the effect on the farmers is exposed in the report of the Federal Trade Commission referred to previously.) Perhaps the action of these farmers in withdrawing their milk was inspired by agents of the Dairy Farmers Union, but, nevertheless, immediately Dairy Union organizers became very active, soliciting membership on a commission basis, picketing plants and highways and intimidating farmers, in which activities they were assisted by Communist organizers sent out from New York and supported by Communist newspapers and literature, and had all the appearance of a C.I.O. movement and some evidence in this connection. Perhaps it was a coincidence but, nevertheless, the Labor Day radio address of John L. Lewis, head of the C.I.O., was mostly an appeal to farmers.

Some 2000 former patrons of Sheffield Farms continued to divert their milk and, by the third week, the strike had spread to Sheffield plants in Oswego and Lewis Counties. The League maintained strict neutrality and the bargaining Agency refrained from any organization activities within the strike area. It was becoming apparent that the price the Dairy Union leaders were demanding was not primary issue, but that there was some hidden and ulterior motive, as all offers were ignored and the Dairy Union refused to become incorporated. It was strictly anti-cooperative. By mid-October, the Dairy Union was losing ground in the North Country, but claiming a membership of 9000 in the State and, in a last desperate move in October 28, launched a state-wide strike with the avowed purpose of being recognized as the "sole bargaining agency for the dairy farmers of the state." While the Dairy Union had, from the beginning, directed its energies against Sheffield, it was opposed to the Bargaining Agency and the League but, with its announcement of the state-wide strike, its drive was against the League as well as Sheffield Farms, with increased opposition to the Agency. Some of the

chiseling dealers signed up with the Union at a big concession in price, releasing cheap milk to break the market. Considerable of the milk diverted from Sheffield found its way back to Sheffield through the dealers who recognized the union. These dealers reaped huge profits at the expense of the striking dairymen. The Union contract with the dealers was a matter of secrecy, but it soon became known that a dealer who signed a contract had to pay over to the Union from two to five thousand dollars before he received any milk, the amount depending somewhat on the size of the dealer's individual business. Headquarters of the Dairy Union were moved from Ogdensburg to Utica, away from the territory which it had prostrated financially, into newer and more promising and unsuspecting territory. Sections of the Mohawk Valley, parts of Delaware and adjoining counties, felt the blight, not for so long and as severely as the North Country. Locally owned farmer cooperatives particularly were vulnerable. League members would not join the strike. A checkup of the first two days revealed less than five hundred members were involved, some purposely withholding their milk, but a great majority were prevented from delivering their milk by typical strike tactics. At the peak, only  $4\frac{1}{2}\%$  of the League membership were in the strike, the most of whom were unwilling participants. Within a week, the strike was fast waning and destined to be a lost cause. Union leaders became involved in fights among themselves, some of whom made attempts to revive the movement in the far North Country. Union leaders attempted to take credit for price increases brought to all dairymen by the Producers Bargaining Agency and, when the Agency secured an advance, the strike leaders hailed it as a Union victory. Well along in November, the Dairy Farmers Union Leaders called the strike off, but the strikers in eleven counties voted to continue, whereupon money was found somewhere and

the leaders announced that picketing would be resumed.

The first annual meeting of the Producers Bargaining Agency was held in Syracuse on December 14, at which the reports of the first six and a half months of its existence showed remarkable progress in the face of unusual and determined opposition on the part of many dealers, representing about 25% of the milk in the market, the destructive program of rule or ruin by the Dairy Farmers' Union, supported by John J. Dillon, publisher of the Rural New Yorker. After futile attempts to secure cooperation of the dealers in a solution of the surplus, it was very evident that the Agency must solve that problem; accordingly, the delegate body passed the following resolution.

"Resolved, that the new Board of Directors be appointed a committee of the whole to act on the problem of producer price maintenance and work out a program for bringing it about by any and all necessary and proper means and methods, including plans for surplus control and the use of all powers and implements, which may be available and necessary under the Rogers-Allen Law and all other enabling legislation."

There were 73 duly qualified member cooperatives and 29 cooperatives formed and in process of completion, but not legally qualified for membership. On December 22, the Agency was appealed to for lower prices, claiming that they could not compete with the cheaper milk bought through the Dairy Farmers' Union. After several hours of discussion, the conference adjourned for one week; meanwhile, in a radio broadcast by the Agency, an invitation was issued to "substantial men of the Dairy Farmers' Union" to confer with representatives of the Metropolitan Cooperative Milk Producers Bargaining Agency in Syracuse, December 27. Delegates of the Agency adopted a revised schedule to meet competition created by the milk purchased through the Dairy Farmers' Union at their meeting at Syracuse, December 30. The New York City's administration drive for cheap milk, furnished through the Dairy Farmers' Union, was a flat failure, but so unsettled the market that the Agency reluctantly accepted another decrease in

price on January 16, with the understanding it carry through to March 1 under certain conditions.

At the delegate meeting on January 15, the Board of Directors was instructed to proceed with the drafting of a federal marketing order to be submitted to the delegates. Immediately following the instructions of the delegates the Board of Directors spent several days of the next two weeks in deliberations and out of the long discussions came unanimous agreement upon the following fundamental principles, as a basis for the proposed marketing order:

1. Equal purchase price to be paid by all dealers for milk for the same use.
2. An equal share to each producer of the benefits of fluid outlets.
3. An equal share by each producer in the burden of the surplus and the expense of controlling it.
4. Reasonable contribution to those having surplus facilities for the use of them seasonally for market protection.
5. The effectuation of the foregoing principles in such a manner as will perpetuate and encourage cooperatives.

On February 2, letters were sent to Secretary Wallace and Commissioner Noyes asking their help in drafting the order.

Approval of work done by the Directors of the Bargaining Agency toward enlisting federal and state aid to bring dairy farmers a living price for milk was voted by the delegates who unanimously approved a preliminary draft of the proposed marketing order, at Syracuse, March 1; they also approved a proposal to continue the February milk prices into March.

The report of the State audit of milk dealers and producer cooperatives submitted to the Governor and the Legislature was both approved and condemned,

as was to be expected, but the Commissioner in his comments said - that farmers should control all the surplus. The report of Attorney General Bennett, on the "Milk Industry of the State of New York, with particular reference to the New York Metropolitan Area" was transmitted to the Governor and the Legislature on March 8. Inasmuch as this report had to do with the Dairymen's League and its activities, it was of special interest to its members. The report said: "For many years, charges of dealer domination have been leveled against the Dairymen's League. To our knowledge, no actual evidence of dealers' domination has ever been found." (The report quoted the Federal Trade Commission report on "dealer domination", the so-called, "Borden League Alliance.") "The investigation certainly failed to disclose any more advantageous terms being given one dealer than another." The report certainly was gratifying to the League members and gave the highest endorsement of the Metropolitan Cooperative Milk Producers' Bargaining Agency.

Delegates of the Agency reluctantly agreed again to a reduction in prices on March 25 and instructed the directors to "develop an alternative plan for price stabilization, to be ready, in case of any delay in obtaining federal and state aid." The nine fundamental principles to be followed in drafting an alternative plan should have served as fair warning to those dealers beginning to oppose the Agency's program to utilize governmental assistance.

Sweeping charges of dealer coercion of farmers, to gain unfair competitive advantage in the New York market, were made by the Federal Trade Commission in a statement given the newspapers on April 15, 1938. The complaint alleged Gold Medal Farms, Inc., a wholesale company in New York City, which gets its supply from about 650 producers at Buskirk, N Y., prevented these producers from affiliating and becoming members of the Producers' Bargaining Agency. The following were some of the specific charges: Gold Medal Farms, Inc. prevented its producers from forming a producer controlled cooperative in the Buskirk area; prevented affiliation



with the Bargaining Agency; made false statements about the Bargaining Agency; forced its producers to organize a company controlled cooperative; and by methods which tend to mislead, intimidate and coerce its producers, gained an unfair competitive advantage in the market.

Announcement was made, following agreement on the proposed plan between the Metropolitan Cooperative Milk Producers' Bargaining Agency and the Federal and State Governments, that joint public hearings on the proposed milk marketing plan for the New York Metropolitan market would be held as follows: Albany, May 16; Malone, May 17; Syracuse, May 18; Elmira, May 19; and New York City, May 20. The Dairymen's League News, in its issue of May 3, 1938, printed the full text of the proposed marketing agreement and by May 7, just one year to the day after the passage by the Legislature of the Rogers-Allen Bill, the Metropolitan Cooperative Milk Producers' Bargaining Agency had placed in the hands of every known dairyman of the New York City production area a copy of the proposed milk marketing agreement for his study and consideration. Following the series of hearings, the Federal and State Governments will fix a date on which they will jointly conduct an election for the milk producers of the area to vote for or against the proposed marketing agreement. An affirmative vote of two-thirds of those voting will result in the marketing agreement being put into operation at the earliest possible date. It will be an opportunity, the equal of which has never been afforded the dairymen of the New York City production area.